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ABSTRACT

Investigated by this study were effects--at state, county, and family levels--of federal cuts and changes on day care services in New York State, focusing on areas outside New York City. At the state level, the study examined policies shaping delivery of day care services to the poor and state systems for tracking changes in funding and children served. At the county level, the project tested data gathered from the state, examined changes in policies and practices in day care provision, and compared the scope and results of county assessments of the impact of policy changes. (Counties examined in detail were Albany, Broome, Erie, Monroe, Nassau, Onondaga, Rockland, Suffolk, and Westchester.) Finally, the project staff interviewed approximately 35 families to learn how policy changes took effect at this level. Despite limits of time and methods, the study documented a marked decrease in the number of children served as a result of policy and funding changes at the federal, state, and local levels. Also indicated were hardships caused by funding changes and the need for prompt state and local action to aid the poor in securing day care. To that end, seven specific recommendations were directed to the governor and state legislature and to the New York State Department of Social Services. (RH)

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Where Have All The Children Gone?

A Study of Day Care Cuts
in New York State
by the New York State
Child Care Coordinating Council
and Statewide Youth Advocacy

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WHERE HAVE ALL THE CHILDREN GONE?

A Study of Day Care Cuts in New York State by the New York State Child Care Coordinating Council and Statewide Youth Advocacy

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June 1983

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PREFACE

"Where Have All the Children Gone?" is the result of a four-month study of the effects of federal cuts and changes upon day care services, conducted by the New York State Child Care Coordinating Council and Statewide Youth Advocacy, under a pending contract from the New York State Department of Social Services. Because the effects have been strongest outside New York City, the study has focused there. The study looked at the question on three levels: state, county and family and has depended upon the assistance of dozens of state and local officials, members of Day Care Councils and individual families. The State Department of Social Services provided much of the data upon which this report depends. Of particular help were the members of the Technical Advisory Committee of the project:

Gloria Wallick, President,
   New York State Child Care Coordinating Council
Eve Block, Executive Director,
   Statewide Youth Advocacy, Inc.
Michael Tarail, Policy Planning, Division of Services,
   New York State Department of Social Services
Sally Ziegler,
   Day Care Council of Westchester
Chris Secor,
   Day Care Council of New York
Suzanne Vaughn,
   Onondaga County Child Care Council

In addition, Dr. Jane Knitzer of SYA's Institute for Child and Youth Policy Studies provided helpful comments on the drafts of the report. Rosamond Cavallo, Angie Rowland and Gail Sutherland typed the drafts quickly and cheerfully. Deb Tschappat helped with the cover design. The cover photo, provided by the Day Care Council of Westchester, is by Herb Levart.

At the state level, the project examined policies shaping the delivery of day care services to the poor and the systems the State has of tracking the changes in funding and children served. At the County level the project tested the data gathered from the State level against local information, examined changes in policies and practices in day care provision, and compared the scope and results of county assessments of impacts of policy changes. The counties examined in more detail were Albany, Broome, Erie, Monroe, Nassau, Onondaga, Rockland, Suffolk, and Westchester. Finally, the project staff interviewed approximately 35 families to understand how their lives were affected by the policy changes. Because the study was completed in so brief a period, counties were selected for variety of policy response and families were identified through day care providers, not as a random sample.

The study raises many questions that only a longer and more rigorously structured study should be able to answer. Despite the limits of time and methods, the study documents a marked decrease in children served attributable to policy/funding changes at the federal, state and local level, and hardships caused by these changes. It underscores the need for prompt state and local action to continue assisting the poor in securing safe, affordable day care for their children.

EXECUTIVE SUMMARY

FINDINGS

This study of the impact of federal changes in day care funding and regulation upon subsidized day care in New York State began with a simple question: Where have all the children gone? The answer remains incomplete, but it is clear that the federal changes have interacted with State and local policies to reduce access to day care for thousands of low income children.

There is no complete record of all children receiving public support for day care. Figures drawn from the State Department of Social Services claims show 8,400 fewer children served in an average month in the first quarter of FFY 83 than in the first quarter of FFY 81. Twelve thousand fewer children are estimated to receive care in FFY 83 than in FFY 81, according to the Consolidated Services Plans. Some of these children may receive day care paid by parents out of their welfare grant.

The funding picture is also incomplete. It is clear that statewide expenditures for Title XX day care services, excluding caseworker and other administrative costs, decreased $5.1 million between FFY 81 and 82, from $124.7 million to $119.6 million. The Consolidated Plans project another decrease of approximately $3.5 million in Title XX expenditures, including administrative costs, between FFY 82 and 83. Thus in Title XX alone, we estimate a decrease in outlays for day care services of between $8 and $9 million since FFY 81. The decrease in Title IV-A, which provides day care to specific groups of ADC recipients, is more difficult to estimate because only part of the day care provided is claimed separately. The proportion claimed in this fashion may be declining at the same time actual decreases in service are also taking place. At most, IV-A has decreased $2.4 million statewide between FFY 81 and 82, with a projected decrease in FFY 83 of very roughly $3.6 million. This projection is so rough that a very conservative estimate of losses in IV-A day care would ignore it altogether. Thus, the total decrease in day care spending since FFY 81 for Title XX and IV-A, excluding administrative costs, would be very conservatively about $10 million. This does not count the $15 million replaced by New York City with local tax levy funds.

These cuts in service far exceeded the loss in federal and state support. Although Title XX funds from the federal government, which support 21 social services including day care, were reduced $60 million between FFY 81 and 82, only $2.2 million of the cuts were passed along to districts outside New York City. However, in these districts expenditures for Title XX day care purchases (excluding caseworker and other administrative costs) fell $4.1 million between FFY 81 and 82, from $14.2 million to $10.1 million. Five counties -- Erie, Monroe, Broome, Rockland, and Westchester -- slashed $3.2 million from day care purchases, although the cut in their federal allocation was only $1.24 million. In FFY 83 Title XX allocations to New York State have increased 2.15 percent, but the districts outside New York City plan to cut day care spending by at least 10 percent, according to the Consolidated Services Plan. By contrast, New York City invested $15 million in day care above its required Title XX match in FFY 82 alone.

Title XX day care is especially vulnerable to cuts because it is the largest nonmandated expenditure of all Title XX services. Outside New York City, day care accounts for only 12 percent of Title XX expenditures, but 51 percent of optional services. In New York City day care consumes 45 percent of all Title XX funds and 83 percent of Title XX optional services. The differential reimbursement rates between Title XX (12.5% local) and state streams (25-50% local) available for certain mandated services when a district exceeds its Title XX ceiling encourage counties to use Title XX funds for mandated services and reduce optional services, particularly day care. Reductions are made by entirely eliminating day care for the working poor funded out of Title XX or by reducing eligibility levels. In FFY 83, 34 out of 58 social services districts no longer offer income eligible day care. Two years ago 25 districts refused to offer such a program.

At the same time that Title XX day care is less available, Title IV-A day care for children of welfare recipients who work, are in training or completing high school, is also decreasing. Claims by local districts outside New York City for ADC day care purchases dropped 76 percent between the first quarter of FFY 81 and 83. Some children may have shifted to Title XX day care or now receive funds for day care directly in their ADC check, but such a dramatic decrease demands further investigation, particularly since no such decrease is apparent in New York City.

Such decreases underscore the question of the extent to which the mandate for day care for employed ADC recipients is being implemented. Before the cuts, only 24 percent of employed ADC parents outside New York City had a child care allowance. Districts do not always inform employed ADC recipients of the availability of a child care allowance. And changes in federal regulation now cap that allowance at $160, which is often insufficient to purchase licensed or certified day care in urban counties. The State Department of Social Services does not require districts to supplement the $160 if the cost exceeds the cap, although some districts do, using Title XX funds, as permitted by State DSS.

The State has not systematically studied the impact of the cuts, despite potentially serious consequences to children. From studies of individual counties and our own interviews with families, it is clear that the cuts have hurt. Some problems are obvious -- the dangers of children left alone; others are less dramatic -- the loss of stimulation that can prepare children for school. Despite loss or reduction in day care benefits, most parents continued to work. Decreases in part-time care paid for by DSS and evidence from several local studies suggest that many school-age children are being left unsupervised. A study of earlier cuts in New York City found that 19 percent of families who lost care during the City's financial crisis left their children unsupervised all or part of the day, and half left their children unsupervised at least occasionally. Although county staff, day care directors, and private funders worked to minimize the effects of cuts, in Westchester County, state officials estimate that "between eight percent and fifteen percent of the families receiving care in 1981 experienced sufficient stress during 1982 to create a risk for their child's well being which warranted child protective intervention." Many other families are struggling with heavier financial burdens due to all the federal changes and with concerns about the lesser quality care they have had to substitute.

Levels of publicly subsidized day care vary dramatically. While New York City provides subsidized day care to roughly one out of every five poor children, the rest of the state averages less than one child in subsidized care out of every eleven poor children. In FFY 82, public expenditures on purchased day care per child under fifteen averaged $88.64 in New York City and $5.93 upstate. In the counties outside New York City, service is concentrated in eleven counties, which have 60 percent of children under 15 and 92 percent of day care services outside New York City.

Cuts and lack of service are occurring in the context of growing needs for day care. Three out of eight New York State mothers with preschoolers work. Three out of five mothers with school-age children work. One in five children under 18 lived in a female-headed household in 1980; a decade ago that proportion was closer to one in eight.

Further, while aid to the poor is decreasing, day care subsidies to the middle class are increasing. Tax credits for day care amounted to $25 million in 1970 nationally; by 1981 they reached $1.39 billion, and are projected to double by 1986. New York State has a day care tax credit pegged at 20 percent of the federal credit.

Mechanisms for policy coordination and planning to respond to the growing need for day care and the cuts in day care for the poor are rudimentary. There is no capacity at the state level to oversee the broad direction of day care and preschool policy. Within the State Department of Social Services, day care policy is fragmented between services and income maintenance, although at least with respect to services, a working group is now functioning. The Day Care Advisory Council of State DSS lacks staff or permanent leadership. The state has no routine, reliable report of children served or expenditures. The most complete claim report, which covers Title XX, is difficult to access; Title IV-A day care is only partially reported through the claims system;

and day care for protective and preventive reasons is not yet reliably reported. The State DSS policy paper on day care is a useful start in responding to increased needs and decreased resources, but it ignores three key issues:

1) Financial resources should be expanded.
2) Revision in the financial structure of social services is needed to create a balanced set of services in each district and to deter disporportionate cuts to day care.
3) A coherent day care policy for all children of New York State now lacking, is vital to develop appropriate responses by the public and private sector.

RECOMMENDATIONS

RECOMMENDATION ONE

The Governor and the State Legislature should provide additional funding, in 1983 and succeeding years to ,

a) retain day care in high service districts
b) restore lost day care in districts that have eliminated or reduced service
c) provide day care in low service counties

This can be accomplished in 1983 by targeting $10 million of the $13.1 million available from the Emergency Jobs Act for day care, and by requiring districts to maintain local expenditures for day care.

RECOMMENDATION TWO

The Governor should establish a broadly based, staffed Advisory Committee on Day Care to develop a coherent day care policy for New York State.

RECOMMENDATION THREE

The Department of Social Services should upgrade and expand its Day Care Advisory Council and immediately designate a senior staff person with overall responsibility for day care.

RECOMMENDATION FOUR

The Department of Social Services should develop for state legislative consideration a simplified social services funding package from the present multiplicity of streams in order to create a balanced set of services, including day care, in each county.

RECOMMENDATION FIVE

The State Department of Social Services needs to maximize the use of Title IV-A day care.

RECOMMENDATION SIX

The State Department of Social Services should improve its accountability systems.

a) The State DSS should conduct program audits in selected counties to identify and correct barriers to service.

b) The State DSS should develop a regular, complete reporting system on day care services, expenditures, and local policies.

c) The Consolidated Services Plan for 1984 should require local districts to describe policies and goals for day care. Staff should review these to determine patterns of service and identify gaps.

RECOMMENDATION SEVEN

The Department of Social Services needs to examine in a more systematic way the effects of day care cuts on families and providers. At a minimum, it should evaluate carefully proposals to allow counties latitude in setting their own fee schedules to determine the effects on family and provider solvency. Counties that set higher fees should not be permitted to set low eligibility cutoffs that create notch effects (huge increases in cost when eligibility is lost).

CHAPTER ONE

THE DECREASE IN DAY CARE FOR THE POOR

> *"Day care, of all social services in New York State, is unique in that it not only cuts across all income levels, but serves the interests of those who are employed, youth who are in training programs, families who are to remain together, and children who need protection. Yet the availability of quality day care services may be in jeopardy because of the way the programs are currently planned, delivered, and financed in New York State."*
>
> New York State Department of Social Services, Day Care Policy Paper, p. 1.

CHAPTER OVERVIEW

Twelve thousand fewer children will receive day care purchased by local social services districts in New York State in federal fiscal 1983 than in 1981, according to estimates in the State Consolidated Services Plans. Some may receive day care purchased from their parents' welfare grant.

Services are lower and cuts are deeper outside New York City. In New York City roughly one in five poor children receive day care help, and the City used $15 million of its own funds above matching requirements to prevent wholesale cuts in day care. Outside New York City one in eleven poor children are in day care with public help. Claims fell by almost one-half between the first quarter of federal fiscal 1981 and 1983, although some of the decrease may reflect a shift from claimed payment to direct payment by parents out of their welfare grant.

Day care cuts have affected the working poor the most. Thirty-four of the 57 upstate counties offer no income eligible day care to working families above the welfare level. In the counties outside New York City claims for service dropped 29 percent between the first quarter of FFY 81 and 83. Claims under Title IV-A, which provides day care help to public assistance recipients who work, are in training or are completing high school before they turn 21, have dropped 76 percent. (Some of this decrease may represent shifts to other ways of paying for day care, however.)

Vulnerable groups lack adequate day care help. Of 9500 teen mothers in 1982, less than 300 received day care funded by Title IV-A to complete high school. Despite the elaborate reporting system for protective and preventive cases, there is no reliable summary of how many children receive day care for these reasons or whether the numbers have increased or decreased. Twenty-nine counties reported no such service in FFY 82.

DAY CARE IN JEOPARDY

Families on welfare and just above the welfare level depend almost exclusively upon the Department of Social Services for governmental assistance in paying for day care.[1] That assistance comes from federal funds matched by state and local contributions. Therefore, when the Department of Social Services' resources decrease, these families cannot turn to another public source in paying for day care.

The number of children receiving day care with public help is declining in New York State. In federal fiscal 1981 (October 1980 - September 1981) an estimated 94,442 children were expected to receive day care funded by Title XX; in federal fiscal 1983 (October 1982 - September 1983) 82,416 children are projected to receive day care with Title XX and Title IV-A funds.[2] These estimates, shown in Table 1-1, are based on each local social services district's projection of how many children of low income families were expected to receive a day care subsidy. In FFY 82 over 6,700 children, or seven percent, were expected to lose day care statewide. Between FFY 81 and 83 the expected drop is over 12,000 children statewide.[3]

These estimates were prepared in a period of uncertainty, particularly for FFY 82, but the actual records of children served confirm large declines in children served. The actual number of children served in a year is difficult to determine using regularly collected State data. The levels per months are available from claims forms, so it is possible to compare the numbers served per month before the sweeping changes of the federal Omnibus Budget Reconciliation Act, passed in August 1981, with those served per month after the changes took place. Table 1-2 shows a decrease of almost 8,400 children receiving day care help in a month statewide between federal fiscal 1981 and 1983, or a 16 percent decline.[4] However, some proportion of these children may no longer be claimed but are still in day care paid by their parents out of the family's ADC grant.

Although the depth of the cuts in service are not identical using annual estimates and monthly averages, two patterns are consistent:

1) the bulk of the services are provided in New York City;

2) the deepest cuts in day care have come outside of New York City because New York City invested over $15 million of its own tax levy funds to preserve day care. Therefore, although New York City accounts for most of the children served, this report focuses on the rest of the state, where claims for service have been cut by over 40 percent.

TABLE 1-1

Decreases in Children Receiving Public Funds for Day Care Projected by Local Departments of Social Services

	Before Cuts[a]	After Cuts[b]	Change	Percent Change
State	94,442	82,416	-12,026	-13%
New York City	71,500	69,000	-2,500	-3%
Balance of State	22,942	13,416	- 9,526	-42%

Sources

a) Update to the Comprehensive Annual Social Services Plan for New York State October 1, 1980 to September 30, 1981 (September 1980) Appendix C, p. 34.

b) Chart VI, Program Year 1982-83, printout from NYS Department of Social Services.

Notes

a) Estimated number of children served in federal fiscal 1981. Does not include Title IV-A.

b) Estimated number of children served in federal fiscal 1983. Includes Titles XX and IV-A.

There is a turnover in children in day care over the course of a year, as families move, or lose eligibility, or find other child care arrangements, so that in a year the numbers served far exceed the capacity of the system at any given time. Since these estimates are just that, they are not a completely reliable guide; they show what counties expect to happen.

These estimates do not include an unknown number of children in day care for protective and preventive reasons, and children whose parents receive a child care allowance in their ADC budget and pay for day care out of the grant.

TABLE 1-2

Decreases in Average Number of Children in Day Care through Public Subsidy in a Month

	Before Cuts[a]	After Cuts[b]	Change	Percent Change
State	53,339	44,955	-8,384	-16%
New York City	41,074	38,357	-2,717	-7%
Balance of State	12,265	6,598	-5,667	-46%

Source

Calculated from quarterly summaries of Schedule G-2, Section C, Child Counts, Totals, public and private, full-time and part time. This schedule is part of the system used by local districts to support claims for state and federal reimbursement.

Notes

a) Average of October - December 1980, the first quarter of federal fiscal 1981.

b) Average of October - December 1982, the first quarter of federal fiscal 1983.

The monthly averages were calculated from the first quarter of each federal fiscal year October - December. The federal fiscal 1981 figures reflect the level of day care before Ronald Reagan became president. The changes adopted by Congress did not begin in New York State until January 1982. The decline between the first quarter of FFY 81 and FFY 82 merely shows the cuts in anticipation of changes. The real effect of the changes appears by the first quarter of FFY 83.

These changes exclude day care paid by ADC families directly out of their grant and some protective and preventive day care claimed in other ways. The federal fiscal 1983 State and Balance of State totals are adjusted to include 456 children from Westchester, since the Westchester child counts are no longer claimed on the G-2.

VARIATION IN ACCESS

The difference between levels of service in New York City and counties outside the city reflects the historical commitment of New York City to helping its poorer citizens. Whereas New York City helps roughly one in five of its poor children in obtaining day care, the average outside New York City is less than one in eleven (see Table 1-3).

Table 1-3 shows that there is great variation in the upstate counties as well. In fact, eleven counties outside New York City account for 62 percent of the population under 14 and 87.5 percent of the day care service outside the City.[5]

In some counties no services are offered to certain groups. The number of counties without income eligible day care for working parents with income above the public assistance level has increased from 25 in FFY 80 to 34 in FFY 83, for example. Table 1-4 lists the counties that do not offer public help for income eligibles. At least ten counties have consistently low levels of day care services for poor children; they offer no income eligible care, report no protective or preventive care, and help only a handful of welfare recipients (less than one percent of the children on ADC in a month) according to data available at the State level. These counties are starred in Table 1-4. In the focus on cuts, it is easy to overlook the vast differences between counties in the amount of day care provided. In some counties there were no declines in service because there was little or no service to begin with.

TABLE 1 - 3

A Rough Comparison Of Day Care Service

	Children Under 6[a]	Poor Under 6[a]	% Poor	Poor Children Served[b]	% Poor Served
Albany	19,507	2,723	13.96%	604	22.2%
Broome	15,436	2,102	13.62%	166	7.9%
Erie	73,631	12,920	17.55%	1,545	12.0%
Monroe	54,366	8,319	15.30%	509	6.1%
Nassau	82,927	6,039	7.28%	1,157	19.2%
Onondaga	37,032	5,277	14.24%	698	13.2%
Rockland	29,090	3,713	12.76%	61	1.6%
Suffolk	106,020	10,105	9.53%	1,667	16.5%
New York State	1,347,789	299,893	22.3%	48,083[c]	16.0%
New York City	551,648	190,107	34.5%	38,357[d]	20.2%
Balance of State	796,141	109,786	13.8%	9,747[c]	8.9%

Sources

a) 1980 Census

b) G-2 claims Titles XX, IV-A, and IV-C plus special computer run 82-64 of Title IV-A allowances and special needs. These are extremely rough estimates, but do give a sense of the variation among counties. They include children over 6, and therefore, the proportion served are clearly overestimates.

c) Table 1-2 plus 3,149 from 82-64.

d) Does not include ADC allowances and special needs, as other totals do. Therefore, this is an underestimate.

TABLE 1-4

Counties Without Income Eligible Day Care 1982-83

*Allegany
Broome
Cattaraugus
Columbia
Cortland
*Delaware
Dutchess
*Fulton
Hamilton
*Herkimer
*Jefferson
*Lewis
Livingston
Madison
Monroe[a]
*Montgomery
Niagara
Ontario
*Oswego
Putnam
Rensselaer
Rockland
St. Lawrence
Saratoga
Schoharie
Schuyler
Seneca
Steuben
Ulster
Warren
*Washington
Wayne
*Wyoming
Yates

Source

Internal DSS memo for income eligible information. The low service counties were calculated from G-2 claims plus a special run showing ADC children whose parents pay for child care directly divided by the number of children on ADC, September 1982, Social Statistics, Table 6 "Public Assistance," p. 5.

Notes

a) Eligibility level set but slots severely restricted.

* Low service counties.

WHO WAS AFFECTED MOST?

Day care is publicly funded in New York State for several reasons: to allow parents to work; to permit them to receive training or complete their education; or for a variety of special needs, among these to protect children from abuse or neglect, to prevent out-of-home placement, or to insure care for children of ill or incapacitated parents.[6] Because records of services and funding are kept by eligibility category or funding stream, it is easy to lose sight of the needs unmet when day care is cut. Table 1-5 roughly breaks down the totals by reasons for day care using monthly averages from the first quarter of FFY 81 and 83.

Day Care for the Working Poor

By far the greatest number of children receive day care because their parents work. There are two sources of funding for these families: 1) the Social Services Block Grant 2) Title IV-A. Working parents just above the public assistance level, who are income eligible, are assisted by the Social Services Block Grant, (Title XX of the Social Security Act)[7] whereas employed ADC parents are assisted by Title IV-A.

Income Eligible Day Care

Of the approximately 45,000 children in day care with public funding in an average month, almost 60 percent are income eligibles. Income eligible day care is concentrated in New York City; 84 percent of children receiving income eligible care in a month in FFY 81 lived in New York City. This concentration is increasing because cuts in income eligible day care were proportionally greater outside New York City, as Table 1-6 shows. Outside of New York City only a few thousand children each month receive day care under this program, and their numbers have shrunk by 29 percent between FFY 81 and FFY 83.

This increasing concentration of income eligible day care in New York City is a result of two features of Title XX.

First, this fund is used for many kinds of services, not just day care. Some of these services are mandated, but day care is not, so counties may elect not to use any Title XX funds for day care. In the last several years, counties have increasingly chosen to eliminate or reduce Title XX day care. New York City, by contrast has chosen to use its own tax dollars as well as Title XX to retain day care.

Second, counties may restrict access by setting eligibility cutoffs below the state maximum. New York City used the State maximum. Thus, in New York City in FFY 82, a mother with one child was eligible if she made less than 115 percent of the adjusted state median income; in fiscal 1982, this cutoff was $16,486. (Twelve counties outside of New York City, also used this cutoff at the beginning of FFY 82.) Of the remaining 21 counties that provide income eligible day care, fourteen set the eligibility level below 65 percent of the median, or a cutoff of roughly $9,300.[8]

Because more counties are eliminating income eligible day care or lowering eligibility levels, income eligible day care is less and less available outside New York City.

TABLE 1-5

Average Number of Children Served in a Month by Need for Day Care

State

	Before Cuts[i]	After Cuts[j]	Percent Change
Employment of Parent			
Income eligible [a]	31,244	26,853	-14%
ADC (DSS payment to vendor)[b]	6,911	4,999	-28%
ADC (parent payment out of grant)[c]	?	?	
Other [d]	958	1,652	+72%
Training and Education			
WIN[e]	1,222	447	-63%
ADC-non WIN[f]	12,751	10,741	-16%
Special Needs			
Protective[g]	?	?	
Preventive[g]	?	?	
Other[h]	252	262	+3%

TOTAL LOSS-----8,384

New York City

	Before Cuts[i]	After Cuts[j]	Percent Change
Employment of Parent			
Income eligible[a]	26,350	23,369	-11%
ADC (DSS payment to vendor)[b]	3,240	4,125	+27%
ADC (parent payment out of grant)[c]	?	?	
Other[d]	771	1,199	+55%
Training and Education			
WIN[e]	469	243	-48%
ADC-non WIN[f]	10,020	9,185	-8%
Special Needs			
Protective[g]	?	?	
Preventive[g]	?	?	
Other[h]	224	236	+5%

TOTAL LOSS-----2,717

(Continued on next page)

Balance of State

	Before Cuts[i]	After Cuts[j]	Percent Change
Employment of Parent			
Income eligible[a]	4,894	3,484	-29%
ADC (DSS payment to vendor)[b]	3,671	874	-76%
ADC (parent payment out of grant)[c]	?	?	
Other[d]	187	452	+142%
Training and Education			
WIN[e]	753	204	-73%
ADC-non WIN[f]	2,731	1,556	-43%
Special Needs			
Protective[g]	?	?	
Preventive[g]	?	?	
Other[h]	29	27	-10%

TOTAL LOSS-----5,667

a) Social Services Block Grant. Eligibility ceiling set by State DSS but may be set at some percentage below that at option of the individual counties. G-2, Section C, line 28, includes 456 from Westchester not on G-2.

b) Title IV-A. Not all employed. Some training may be included. Source: G-2, Section C, line 17.

c) Title IV-A. Unavailable in regular summary report.

d) Home Relief or Medicaid eligible. Source: G-2, Section C, lines 27 and 26.

e) WIN is available in only certain urban counties, and is paid for by Title IVC. Source: G-2, Section C, line 24.

f) ADC-non WIN is a residual category in claiming Social Services Block Grant expenditures, left over from when 50% of Title XX expenditures had to be spent on welfare recipients. Included in this group are training, completing high school, and some preventive, protective and other special needs as well as employed parents. Source: G-2, Section C, line 22.

g) No reliable data on children served appears to exist. See Chapter Two.

h) Emergency Assistance, ADC Foster Care, and SSI. Source: G-2, Section C, lines 19, 25, 23, 20, 21.

i) Average of October - December 1980, first quarter of federal fiscal 1981.

j) Average of October - December 1982, first quarter of federal fiscal 1983.

TABLE 1-6

Average Number of Children Receiving Income Eligible Day Care in a Month

	Before Cuts[a]	After Cuts[b]	FFY 81-83 Change	FY81-83 Percent
State	31,244	26,853	-4,391	-14%
New York City	26,350	23,369	-2,981	-11%
Balance of State	4,894	3,484	-1,410	-29%

Source

Calculated from schedule G-2, Section C, line 17, quarterly summaries, includes public and private, full-time and part-time. Includes 456 from Westchester not on G-2.

[a] FFY 81
[b] FFY 83

Employed ADC Recipients

For employed public assistance recipients, day care is mandated, unlike for income eligible families. Before the changes in Title IV-A, families could request a child care allowance to cover the full cost of care (although some counties had local limits on the amount they would pay). In January 1982, the child care allowance was capped at $160 per child for employed ADC recipients receiving day care through Title IV-A. For most working ADC families with young children the cap had little effect because they make arrangements with relatives, older siblings or friends, and do not request a day care allowance.[9] A portion of the ADC families who request a day care allowance restrict the funds from their grant and have them paid directly to the provider. The remainder, who tend to use sitters or other informal arrangements, have the allowance included in their grant and pay the provider themselves. Only the children whose care is paid directly by DSS to the provider are routinely accessible through the claims system. The lack of routine reports of child care under Title IV-A means that although there is a mandate, no data are available that show systematic differences among counties. Moreover, it is impossible to know whether families are told that a child care allowance is available, so unless a family is refused and complains or requests a fair hearing, the mandate has little force.

Although there has been much publicity about day care cuts for income eligibles, the monthly average of children served dropped about 1,400 outside of New York City. Meanwhile, close to 2,800 fewer children outside New York City are being claimed under Title IV-A by local departments as a direct payment to vendors--a drop of 76 percent (see Table 1-7).

Many factors contributed to this decline:

1) The change in form of payment from vendor payment that is recorded in the claims system to child care allowance in the grant that is not specifically identified in the claims system.

2) The federal changes that made many working families no longer eligible for ADC. Statewide almost 4500 employed cases were cut from ADC between January and July 1982 because of the 150 percent test and income disregard time limit.[10] The State DSS has not determined how many of these had child care paid for by Title IV-A either directly in the grant or by vendor payment from DSS.

3) Federal changes that capped child care expenses at $160 per child. Some families whose expenses were greater than the limit may have switched to Title XX, which reimburses the full cost of care for families below the poverty level.

4) In counties with monthly reporting (another feature of OBRA that requires family budgets to be based on the previous month's income), retrospective budgeting created uncertainty for families and burdens on caseworkers. In counties with income eligible day care, these may have created an incentive to shift from ADC to Title XX day care.

5) Rising unemployment that may have reduced numbers eligible for ADC and child care allowances.

6) The general trend of declining ADC caseloads.

For the working ADC families who receive day care assistance as an allowance or special need and do not appear on the day care claims, no information is routinely reported. One special study estimated that 3,149 children received such service in May 1982, but there are no earlier or later estimates that allow comparison.[11] Thus, it is impossible to tell whether this group has been affected as well. Some effect is quite likely, but here, too, families not only lost eligibility because of federal changes but also because of unemployment, or other changes in their circumstances. Some of those who lost Title IV-A aid may have been switched to Title XX, since their incomes are well below the eligibility cut offs.

Many questions but few answers are provided by the available data on Title IV-A day care. How much of the 76 percent drop in Title IV-A claims represent a real loss in service? Has a similar trend occurred for families who pay their child care directly out of their grant? How many Title IV-A families have shifted to Title XX day care?

TABLE 1-7

Average Number of Children Whose Care Is Paid Directly By DSS Through Title IV-A in a Month

	Before Cuts[a]	After Cuts[b]	Change	Percent Change
State	6,911	4,999	-1,912	-28%
New York City	3,240	4,125	+885	+27%
Balance of State	3,671	874	-2,797	-76%

Source

Calculated from Schedule G-2, Section C, line 1 ADC-CG, first quarter summaries. Includes public and private, full-time and part-time.

Notes

[a] FFY 81 first quarter average
[b] FFY 83 first quarter average

Does not include children receiving day care paid directly by their parents ADC grant. One estimate put the number of these children outside New York City at 3,149 in May 1982.

Moreover, an unknown portion of these children have parents in training programs rather than in employment.

Day Care to Allow Parents to Receive Training or Education

While almost all counties provide at least some day care assistance for employed parents, counties may chose whether to provide day care for children of people in training. They must now offer care to children on ADC whose parent is under 21 and finishing high school. The data are not routinely reported in a way that identifies these groups.

The one readily identified group are parents in the WIN program, which offers job training to ADC recipients and provides assistance with day care for their children. Unlike Title IV-A, WIN can still reimburse the full cost of care. WIN has been limited to 12 urban counties. In FFY 83 only seven counties are receiving WIN allocations that include day care funding.[12] The number of children claimed under WIN each month declined by 73 percent outside of New York City between FFY 81 and FFY 83, as shown in Table 1-5. This decline may be partly attributable to cutbacks that have subsequently been restored.

In addition to those children with parents in WIN, some proportion of the children receiving day care subsidies from the Social Services Block Grant have parents who are in job training or are students. They are sometimes claimed as income eligible or as ADC - non WIN. Table 1-5 classified all ADC - non WIN as training and education but to do so overstates the size of this group. Unfortunately, there is no ready way of breaking down this catch-all category left over from the days when 50 percent of Title XX expenditures had to be directed at ADC recipients. In addition, some of the ADC direct vendor payments are for parents in training or education. There is no routine report that identifies these families, nor are the Welfare Management System codes amenable to their ready identification. This estimate is extremely rough, therefore. The decrease in ADC - non WIN served per month outside New York City is almost 1,200 children, which is just a few hundred short of the declines in income eligible day care, as can be seen in Table 3-1. This 43 percent decline in service to ADC families suggests that the huge decreases in Title IV-A claims discussed earlier are not simply the result of shifts in service, but reflect some real decrease in children served.

Hidden in this category are a most vulnerable group, the children of teenage parents. In 1982, over 9,500 live births were reported for mothers 10-18 years old in New York State.[13] Day care is crucial if these mothers are to finish their education. No routine reports are kept for this group, but as of May 1982, a special State Department of Social Services computer run identified 276 ADC and 8 HR teenage parents in high school or occupational training outside New York City receiving day care allowances. While day care is permitted for these parents, it was not mandated until this year,[14] and counties clearly have refused to pay for day care for children of student parents.

Day Care Due to Special Needs

A small number of children receive day care when a parent must be temporarily absent or has chronic problems of illness, incapacitation, or disability. Larger numbers receive care for protective or preventive reasons. Despite the elaborate reporting system developed as a result of the Child Welfare Reform Act of 1979, problems abound in tracking numbers of children receiving protective or preventive day care. Chapter Two will cover them in detail. It is sufficient for introductory purposes simply to point out this glaring gap in the information system. Existing data are so deficient that no attempt has been made to estimate service. We have found that at least 29 counties did not make any claims for reimbursement for protective day care nor show any time spent by caseworkers on protective or preventive day care during 1981-82 which strongly suggests that day care services may not be provided to protective or preventive cases in these counties.

TWO CHILDREN'S STORIES

The numbers tell one kind of story but each figure is the sum of children in families struggling to get out of poverty or to stay out. George and Michael are two children from different families who are part of these statistics.

George

George is an 11 year old, one of six children. His mother is separated from her husband and works from 7:00 to at least 3:30 and sometimes to as late as 5, so her children need before and after school care, and full-time care in summertime. She had received assistance in paying for day care through Title IV-A, but became ineligible due to the limitation on gross income to 150 percent of the State standard of need.

Prior to the cutbacks, the child care program picked George and his siblings up before 7 a.m., fed them breakfast at the center and sent them to school. After school, the center provided tutoring. If George got sick, the center would pick him up from school and bring him to the center's area set up for sick children.

Since losing ADC day care funds, his mother cannot afford center care. Dutchess County, where the family lives, has no income eligible day care that could fill the gap. The children must get themselves off to school in the morning, which worries his mother. Once the children left the apartment door unlocked, and another time the iron was left on. After school, his mother had used teenage babysitters but this did not work out because the children fought all the time. For six months the family moved in with George's grandmother. Now George and another sibling go to their grandmother, whom his mother pays out of her $220 a week salary.

George's mother is dissatisfied with the current day care arrangement. The children's grades have fallen, and they are not as motivated without the tutoring once provided by the center. The children also do not eat as well in the morning. In addition, she must take time off when her children are sick, which strains an already tight budget. And, of course, she must pay for child care out of her earnings.

In response to being asked how the cuts have affected her, George's mother replied, "It makes it harder to get up in the morning and go to work - it seems pointless; the harder I try, the more we get cut back. It is a scary situation - a single parent with six children. The more I do, the less I achieve."

Michael

Michael is four and has a brother who is 18 months old. His mother works full-time. Before April 1982, both Michael and his brother were in a day care center that transported them to the center and home again. The cost of care was paid by Title XX. Michael lives in Erie County, which cut its eligibility level from 70 percent of the adjusted State median to 61 percent and then to 50 percent.

When the family lost eligibility due to the lower cutoffs, his mother turned at first to relatives - a grandfather, brother, cousin, but this was causing friction. She finally found a sitter who lives in a housing project. The children are safe, but the sitter seldom takes Michael or his brother outdoors, and his mother must furnish food and supplies as well as pay $30 a week. Since she must also deliver and pick up the two children, they all get home later and eat much later. Because of that, now his mother is more tired and less able to give time to him or his brother. She spends less time teaching or reading to them and finds that she is more impatient. His mother spoke of the center - the reading, the outdoor play, how they used to go for walks, to the zoo and on other trips, and in the summer they went swimming. Michael had been learning the alphabet and learning to write; now there are no educational gains. And the meals were more varied and nutritious at the center. "Now paying out money for the sitter, I have to think more of economies in other ways," his mother lamented.

NOTES

[1] There are other, specialized day care programs for migrants or for handicapped, mentally retarded or mentally ill children, and there are pre-school education programs. No recent readily available analysis of day care services in New York State exists - either for funding or children served for all State agencies. The last overview was prepared in 1978 by the New York State Senate Minority Task Force on Child Care, Day Care: How We Care In New York State, volume 1, pages 13-31. The Children's Budget for 1980-81, prepared by the Governor's Council on Children and Families, looked at highly aggregate groupings rather than specific functions such as day care. The picture becomes even more complex if the catalogue of funding were to include local sources, where community development, community action, and other funds are used. Nonetheless, a cursory examination of services revealed that the major source of day care help for low income families comes from the Department of Social Services.

[2] The report will use FFY 81 and FFY 82, and FFY 83 to refer to federal fiscal years.

[3] This is a rough estimate. The FFY 81 figure of 94,442 children is Title XX only. The FFY 83 figure reflects both Title XX and some, but not all children receiving day care through Title IV-A. Therefore, it underestimates the cuts in Title XX.

[4] The report relies for actual numbers of children served upon Department of Social Services-2109, Schedule G-2 "Summary of Payments for Day Care," Section C, "Child Counts," which support the claims for reimbursement. The claims are usually made for the previous month's service. The dates in the tables are the dates in which claims were submitted. Since there may be delays in claiming due to provider or county, the report averages over a quarter to reduce such variations. The child counts include children served in a month, whether they receive one day or a full month of service, which results in a slight overcount. However, talking with county fiscal officers confirmed that this is not a major problem. The counts also sum part-time and full-time care, making the totals inadequate to use in estimating average cost. The schedule does provide breakdowns into home, family and group care by full-time and part-time.

G-2's report the following categories: cash grant (ADC, EAF and HR); SSI-A, SSI-B, SSI-D, ADC-non WIN, ADC-FC, ADC-WIN, EAF, MA-FP, HR, and income eligible. The cash grant does not include children whose day care allowance is in the grant but only those children whose provider is paid directly by Department of Social Services. Protective and preventive cases are not identified separately, and may be claimed under the protective and preventive service components.

In Sections A and B, the dollar claims are reported. Part A is the cash grants. Part B is the Title XX claims, which are then reported on line 2 of Schedule G. These include only purchase of service. Despite its drawbacks, this schedule is the best source of summarized information on child care.

[5] The counties are Albany, Broome, Erie, Monroe, Nassau, Oneida, Onondaga, Rensselaer, Schenectady, Suffolk, and Westchester. Calculated from data on gross expenditures for purchased day care provided by NYS DSS.

[6] There are proposals to extend IV-A day care to ADC recipients hunting for a job, in employment readiness programs such as literacy programs, and completing high school at whatever age.

[7] Hereafter the Social Services Block Grant will be used interchangeably with Title XX.

[8] According to the fiscal 1982 Consolidated Plan, counties with eligibility below 65% for a mother with one child included Cayuga, Chemung, Chenango, Clinton, Erie, Essex, Franklin, Jefferson, Rensselaer, Rockland, Schenectady, Tioga, Tompkins, and Westchester.

[9] A 1979 sample of ADC families analyzed by WRI for the New York State Temporary Commission to Revise the Social Services Law showed that 76 percent of employed parents outside New York City had no child care allowance. The sample for New York City did not permit extracting the same information. (The Economics of Employment of AFDC Parents, Albany: March 1980, p. 5.)

[10] Office of Program Planning, Analysis and Development, New York State Department of Social Services (March 1983) Effects of Selected Program Changes on Public Assistance and Food Stamp Cases from January through July 1982, pp. 8, 16. The 150% test to be described in the next chapter accounted for 4,199 of the total, and the loss of $30 and a-third income disregard accounted for the rest.

[11] IM-WMS special SPSS run 82-64.

[12] A number of smaller districts receive WIN funding with no day care funding available.

[13] Provisional figures from the New York State Health Department.

[14] 18 NYCRR 352.7 (j).

CHAPTER TWO

POLICIES BEHIND THE DECLINE

> *Taken as a whole the...budget is a representation in monetary terms of governmental activities. If politics is regarded in part as conflict over whose preferences prevail in the determination of...policy, then the budget records the outcome....The victories and defeats, the compromises and the bargains, the realms of agreement and spheres of conflict in regard to the role in government in our society all appear in the budget. In the most integral sense the budget lies at the heart of the political process.*
>
> Aaron Wildavsky, The Politics of the Budgetary Process, third ed., Boston: Little, Brown, 1979, p. 4-5.

CHAPTER OVERVIEW

Public funding for day care in New York State is projected to exceed $180 million in FFY 83. A conservative estimate of cuts in spending in FFY 82 and 83 for purchased day care would total $10 million, not counting $15 million New York City replaced with its own funds.

Public funding for day care is a partnership between federal, state, and county governments. The dramatic changes at the federal level both in Title XX and Title IV-A due to the federal budget process for FFY 82 and 83 were certainly an important impetus for reductions. But State and County are not merely passive victims of federal policy.

In Title XX (which funds many social services, day care among them) federal cuts of 25 percent in FFY 82 intensified existing competition for scarce dollars for services. The State picked up all but $2.2 million of the federal cuts in Title XX outside New York City. Of that $2.2 million reduction, the State identified $800,000, or 38 percent taken from day care. However, day care cuts in counties such as Monroe, Erie, Broome, Rockland and Westchester, far exceeded the loss in Title XX funds. In these five counties alone Title XX federal allocations were reduced by about $1.24 million between FFY 81 and FFY 82, whereas cuts in Title XX day care purchases amounted to over $3.2 million.

Day care remained vulnerable for several reasons. It is the largest nonmandated service and must compete for Title XX funds with services mandated by the State. Although there are supplemental State funding sources for mandated services, these require a higher proportion of local funding. Combined with inflation, these pressures continue to place Title XX day care in jeopardy even in counties like Onondaga, Nassau, and Suffolk, which have so far resisted the temptation to cut day care severely.

One response to the Title XX cutback has been for the State to expand the categories of recipients eligible to receive day care through Title IV-A, which is an open-ended source of funding. New York City appears to have taken advantage of the liberalization, but in upstate counties claims under IV-A have declined dramatically. Such a difference demands investigation, particularly since Title IV-A funds the only mandated day care to employed ADC recipients and to parents under 21 completing high school.

DECREASE IN PUBLIC FUNDING FOR DAY CARE

One outcome of the federal, state and local budget process in 1981 was reduced public funding for day care in FFY 82. Table 2-1 shows projected expenditures for day care. Although these figures are frequently cited, they are not always reliable. The Consolidated Services Plan, issued six months into FFY 1982, was the first to include other sources of day care funding besides Title XX, so the projections cannot show how total funding changed between FFY 81 and 82. Despite the fact that substantial cuts had or were about to take place in Title XX, the counties outside of New York City were still projecting no decline in Title XX day care expenditures. By federal fiscal 1983, the cuts were beginning to be acknowledged in the plans. They project a \$5.8 million drop in total day care funding and a \$3.5 million drop in Title XX day care for FFY 83.

Actual expenditures on purchased day care, excluding direct or administrative costs, better reflect the timing and pattern of the cuts.[1]

Like the comparisons of children served in Chapter One, they contrast the continuing commitment of New York City to preserving day care help for poor children with the reduction in public support for day care outside New York City. Between FFY 81 and 82, spending for purchased day care statewide decreased by about $10 million, and of that decrease $7 million was lost outside New York City. Some of this decrease in claims may not represent complete loss of assistance but rather a shift to direct receipt by ADC parents.

The largest decreases were in Title XX day care. These were heavily concentrated upstate. Of the more than $5 million in cuts of day care purchased by Title XX funds statewide, 80 percent occurred outside New York City. Between FFY 81 and FFY 82 counties outside New York cut spending on Title XX day care by $4.1 million. New York City sustained its level of expenditures on Title XX day care only by devoting an extra $15 milion of its own local tax levy funds to day care.

Title IV-A day care purchased by DSS directly has declined dramatically outside New York City, whereas it has not essentially changed in New York City. Almost $2.5 million less was claimed outside New York City in FFY 82 than in FFY 81. Chapter One indicated why part of the decrease may be illusory, while part is real. Changes of this magnitude demand further inquiry.

If the State wished to restore Title XX day care cuts, it would require at least $10 million to bring expenditures for purchased day care up to FFY 81 levels. Title XX cuts in purchased service amount to at least $8 to $9 million between FFY 81 and 83. Title IV-A is more difficult to estimate but the cost of restoring previous levels of care would be very conservatively $2 million. However, if relief were provided to New York City for having refused to turn its back on income eligible families, an additional $15 million would be required. The State legislature in the State fiscal 83-84 budget has earmarked an additional $1.9 million for day care, but as is apparent, this amount is dwarfed by the cuts already sustained in FFY 82, much less ones occurring in FFY 83.

TABLE 2-1

Estimated Annual Expenditures for Day Care
(thousands of dollars)

Total

	FFY 81[a]	FFY 82[b]	FFY 83[c]	FFY 82-83 % Change
State	?	$176,720	$182,599	+3%
New York City	?	154,800	166,200	+7%
Balance of State	?	21,920	16,399	-25%

Title XX/Social Services Block Grant

	FFY 81[a]	FFY 82[b]	FFY 83[c]	FFY 81-82 % Change	FFY 82-83 % Change
State	$136,055	$134,474	$130,975	-1%	-3%
New York City	121,400	119,800	117,700	-1%	-2%
Balance of State	14,655	14,674	13,275	+.1%	-10%

Title IV-A[d]

	FFY 81[a]	FFY 82[b]	FFY 83[c]	FFY 82-83 % Change
State	?	$ 21,548	$ 17,872	-17%
New York City	?	15,700	15,600	-1%
Balance of State	?	5,848	2,272	-61%

Sources

a) Update to the Comprehensive Annual Social Services Program Plan for New York State October 1, 1980 to September 30, 1981, Title XX Federal Social Security Act (September 1980). Appendix C.

b) Consolidated Services Plan of the New York State Department of Social Services for April 1, 1982 to September 30, 1984 (April 1982) Chart IX.

c) New York State Department of Social Services, printout of Chart IX Estimate of Expenditures for Second Year of Plan by Funding Source.

Notes

[a] Includes direct (administration) and purchase of service. This plan includes Title XX only; therefore, no comparable figures are available for this year for Gross Total $ or IV-A devoted to day care.

[b] Includes direct (administration) and purchase of service. Total may not equal sum of Title XX and IV-A because of other, small funding sources.

[c] Includes direct and POS.

[d] These estimates are prepared by services staff at the local level rather than income maintenance staff and may not include day care allowances or special needs in the grant. Includes direct (administration).

TABLE 2-2

Actual Day Care Expenditures for Day Care

	FFY 81	FFY 82	Change	% Change
	Total Purchased[a]			
New York State	$147,095,692	$137,062,875	-$10,032,817	-7%
New York City	126,282,000	123,399,637	-2,882,363	-2%
Balance of State	20,813,692	13,663,238	-7,150,454	-34%
	Title XX Purchased[b]			
New York State	$124,731,900	$119,607,483	-$5,124,417	-4%
New York City	110,498,000	109,511,571	- 986,429	-1%
Balance of State	14,233,900	10,095,912	-4,137,988	-29%
	Title IV-A Purchased[c]			
New York State	$ 18,222,996	$ 15,776,907	-$ 2,446,089	-13%
New York City	12,875,000	12,903,391	-28,391	-.2%
Balance of State	5,347,996	2,873,516	-2,474,480	-46%

Source

Data provided by New York State Department of Social Services, April 20, 1983, from Schedule G-2 and Report III.

Notes

[a] Includes Title XX, Title IV-A purchased, EAF and HR purchased, and ADC - WIN (Title IV-C). Does not include protective or preventive day care claimed under those programs or Title IV-A day care paid directly by the family out of its grant. Also does not include administrative expenses.

[b] Includes income eligible, Medicaid eligible ADC - non WIN. Monroe County eliminated income eligible day care in July 1981, so the cuts are actually understated between FFY 81 and FFY 82.

[c] Includes HR, EAF cash grants, but predominantly Title IV-A. As noted, excludes IV-A paid by parents directly to provider.

FEDERAL EFFECTS

After the election of Ronald Reagan by an overwhelming margin, it was clear that halting the growth of social programs was a top priority. Over the spring and summer of 1981 there was much confusion about exactly how deep the cuts would be, but by fall the outlines of the FFY 82 domestic program became clearer. In August 1981, Congress passed the Omnibus Budget Reconciliation Act (P.L. 97-35) which 1) consolidated many programs, 2) set lower levels of funding, 3) restricted benefits and access to them in social program after social program, and 4) proposed phasing out other programs. Congress still had to appropriate funds, but the shape of programs was fairly complete.

Consolidation and Cuts: The Social Services Block Grant

The Omnibus Budget Reconciliation Act (OBRA) combined Title XX, Title XX Day Care (which in New York State had not been devoted to day care but to funding other State agencies) and Title XX training funds into the Social Services Block Grant, with authorized funding set at $2.4 billion in FFY 1982 and $2.45 billion in FFY 1983. Not until December 1981, three months into the fiscal year, did Congress finally appropriate $2.4 billion. New York's share of these funds was $184.9 million, a $60 million cut from the previous year's level of $243.6 million. New York lost 25 percent of its federal Title XX allocation in a single year.

In addition, OBRA removed all regulation. The Social Service Block Grant did not require the 25 percent State/local match to receive federal funds and eliminated any eligibility requirements for social services. OBRA also permitted 10 percent of certain block grants to be used for the purposes of another block grant.

The cuts were real. States and localities could retain services formerly funded by Title XX only by shifting other funds to the Social Services Block Grant.

Restricted Benefits and Access: Title IV-A

Although Aid to Families With Dependent Children is an entitlement program, it can be cut by limiting benefits provided and access to those benefits. Before OBRA there was no maximum on day care benefits under Title IV-A; OBRA capped these expenses at $160 per month per child for employed parents, a sum well below what most centers charge for care.[2] Families who want to keep their children in a center have to pay anything above $160 from their own pocket.[3] Families whose grant is less than $160 also have to pay the difference between their grant and actual child care expenses.

However, the changes that probably had more impact on day care were those that restricted eligibility. The first hurdle a family with earned income has to jump is the gross income cutoff. Before OBRA a grant was given whenever net income fell short of the standard of need. After OBRA, if a family's gross income exceeds 150 percent of the standard of need, that family becomes automatically ineligible whatever deductions or offsets it may be entitled to. No grant means no child care allowance.

If the family passes the gross income test, it then encounters the time limit on the earned income disregard. Before OBRA an ADC parent who became employed was entitled to have the first $30 plus one third of gross earnings disregarded. This allowed families to keep some of their earnings rather than having their welfare grant reduced by a dollar for every dollar earned. OBRA required that $30 and a third be calculated on net income, and most important, it limited the disregard to four months. Once the earnings previously disregarded became visible, a family could become ineligible or have their grant reduced.

Phase-out: Title IV-C?

The Work Incentive Program, which provides employment and training to public assistance recipients and is jointly administered by the State Department of Labor and Department of Social Services, has been a target for elimination by the Reagan administration. Congress has resisted, but the tug-of-war has created a high degree of uncertainty about levels of funding. For example, in December 1981 -- three months into FFY 82 -- WIN was cut 34 percent; although the funds were later restored, the State Departments of Labor and of Social Services had cut back and could not immediately restore the cuts.

Such uncertainty, coupled with the problems of joint administration and the fact that local social services districts have had to contribute more of their own tax dollars to the program, has resulted in WIN being phased out in a number of districts. In FFY 83 only New York City, Westchester, Albany, Oneida, Chemung, Onondaga and Erie Counties have WIN programs that offer day care. Assistance for day care had been offered for 90 days in some districts but has been reduced to 60 days maximum.

THE EFFECTS OF STATE POLICY

The structure of social services funding in New York State makes day care a vulnerable target when Title XX funding shrinks. Day care bulks large in Title XX, both as a proportion of total funds and especially as a proportion of optional services provided under Title XX. In FFY 81 before the cuts, New York spent 45 percent of its Title XX ceiling on day care. Outside the City, slightly less than half the counties (28) used virtually no Title XX funds for income eligible day care in FFY 81. The remainder used 12.1 percent of their Title XX funds for day care.

Title XX is used for 21 services, eight of which are mandated for all eligible. Seven are mandated only under certain conditions and six are entirely optional. Day care is mandated only for employed ADC recipients whose day care can be paid out of Title IV-A rather than Title XX. Day care provided by Title XX is, therefore, a nonmandated service. Day care is the largest nonmandated service under Title XX. Table 2-3 shows that New York City devotes 83 percent of all optional services funded by Title XX to day care. Outside New York City, day care accounts for 51 percent of all optional services under Title XX. Optional services, by definition, are services that can be cut. As the largest optional service, day care was vulnerable. Any cuts in Title XX were bound to affect day care.

Because Title XX is not open-ended, there is competition among services for these scarce funds. To relieve pressure on Title XX and ensure that certain mandated services are guaranteed funds, the State has established its own supplemental funding streams for adoption, preventive services, and protective services. When a local district exceeds its Title XX ceiling expenditures are shifted to these other funding sources. When this happens, local districts must use more of their own funds, because Title XX is 75 percent federal 12.5 percent State, and 12.5 local, whereas the supplemental State streams require 25 percent or 50 percent local funds. Day care has no other stream, and must be paid for out of Title XX funds. The larger day care spending is, the greater the likelihood of exceeding the Title XX ceiling and having mandated services reimbursed at the lower State rate.

Pressure to cut day care had been increasing because of State policy toward other services. For example, the Child Welfare Reform Act of 1979 mandated preventive services as of October 1981. However, CWRA did not mandate day care specifically, and provided an enriched State stream that could be tapped only after a county exceeded its Title XX ceiling and met maintenance of effort requirements. Combined with double-digit inflation, the expansion of services and mandates placed strain on already scarce Title XX funds.

After the election in November 1980 of a president committed to halting federal growth in domestic spending, it soon became clear that Title XX was among the programs slated for federal cuts. In May 1981 the State instructed local districts to plan for 10 percent and 25 percent cuts in funding for Title XX. Not until after the beginning of the federal 1982 fiscal year was it clear how much each district might get from the federal government.

Despite the uncertainty and talk of cuts, the State eventually protected the local social services districts outside New York City from the brunt of the Reagan changes. In consolidating Title XX, Title XX day care and Title XX training into the Social Security Block Grant, OBRA eliminated the required State match; the New York state legislature, however appropriated the same match as it had in FY 81 when federal funds were 25 percent greater. This reduced the cut to about $30 million. The legislature also mandated that 98 percent of federal SSBG funds be passed on to local districts and the remaining two percent be reserved for

TABLE 2-3

Day Care As A Percentage of Optional Title XX Services FFY 81

	Title XX Expenditures On Day Care[a]	Total Expenditures On Optional Services[b]	Day Care As % Of Total Optional
New York State	$124,731,000	$160,911,611	78%
New York City	110,498,000	133,007,193	83%
Balance of State	14,233,000	27,904,418	51%

Source:

[a] Data from New York State Department of Social Services (April 20, 1983). "Day Care Expenditures Purchased Title XX," Gross FFY 80-81.

[b] Data from New York State Department of Social Services (March 3, 1983). "Local District Expenditures for Services and Administration in Federal Year 1980-81."

training for districts. The legislature also took advantage of a provision of certain block grants to allow shifting ten percent to another block grant; thus, $10 million from the Low Income Energy Assistance Block Grant was transferred to SSBG to make sure all districts received at least as much as they had spent on mandated services in FY 80, and that no county would receive less than the per capita mean for all counties for total and optional services. Districts were also instructed on possible shifts to maximize reimbursements from other funding streams.

Thus, of the $184.9 million in federal funds, 98 percent or $181.2 million reached local districts. The funds were distributed using the existing Title XX formula which is based on 1972 population and service expenditures. An additional $10 million from the Low Income Energy Block Grant was used to create a floor for counties to ensure that all mandated expenditures could be paid out of Title XX. In all, $22.2 million, not $60 million, in cuts were passed on to local districts, with New York City absorbing $19.3 million of them. The State transmitted news of the allocations with a requirement that counties address explicitly how cuts were going to be made and that they consult local advisory councils. The State set priorities for planning: the first being services that "respond to life threatening circumstances" and the next being services to "alleviate the need for more restrictive service interventions."[4] Since day care is optional under Title XX, these priorities inevitably made day care vulnerable to cuts, even though the State and New York City buffered 95 percent of the funding cuts.

Regulation

Although the State restored most of the cuts, it left intact the ability of counties to ration access to day care and did not prevent cuts by counties.

Eligibility

Although the federal law establishing the Social Services Block Grant did not limit provision of service to any income level, the State froze the maximum dollar levels at which families of four or more are eligible for day care subsidies, thereby reducing eligibility from 100 percent of the State median income, adjusted for family size, to 94 percent of median for a family of four. For smaller families, eligibility was set at the same level of eligibility as before:

100 percent for family of one.
115 percent for family of two.
106 percent for family of three.

In FFY 83 the eligibility level has been set at 115 percent for all family sizes. These levels are ceilings. Counties continue to be permitted to set lower eligibility levels, thereby limiting access and, from the counties' perspective, conserving block grant funds.

Parent Fee Schedule

Under Title XX, fees had to be charged for services provided to families with incomes over 80 percent of the State median. Day care has been the only such service in New York State. The State continued the practice of partially rather than fully subsidizing day care by retaining the sliding fee scale.

Below the federal poverty level, no fee is required for families of any size. Between that level and the eligibility cut off, a sliding fee scale has been set by the State. As of April 1982, the statewide fee schedule was changed to require additional payment for second children in care, to lower the minimum dollar level of income at which fees must be paid to about 44 percent of the adjusted State median, and to raise the maximum weekly fee from $40 to $45. Albany County was given a waiver from the Statewide schedule to conduct a demonstration project, using a higher set of parent fees.

The changes in the fee schedule will be discussed in more detail in Chapter Three, but raising fees is a way of conserving local tax dollars by substituting revenue from parents for local district funds.

Experimenting with Administration

The State also responded by permitting experimentation with other models of day care administration. In Westchester County, a consortium of private sector day care providers and funders operate income-eligible day care under a State demonstration project. The local Department of Social Services simply plays a monitoring role. The consortium determines eligibility, takes care of payments, and administers the project. Impetus for the change came from the county; the State's role has been to permit and monitor the project. A clear effect has been to save half of the income eligible day care, which the county planned to eliminate entirely.

In Monroe County, the local DSS, the United Way and local providers had developed a proposal for linking group and family day care and using registration rather than licensing and inspection. The aim was to reduce costs and improve quality. However, the State questioned whether the project is possible under State law, and is equivocal in its efforts to change the law that impedes this experiment.

THE COUNTIES RESPOND TO THE SOCIAL SERVICES BLOCK GRANT

Among counties, there are vast differences in fiscal pressure and levels of services. It is not surprising that the responses varied as well. For 28 counties, there was no change in funding income eligible day care; they devoted less than one percent of their Title XX funds to this program in 1980-81.

A few counties maintained their level of day care services, most notably Nassau and Suffolk. These counties tended to have less fiscal pressure on Title XX services the year before (see Table 2-5) and a strong set of day care advocates.

Table 2-4 shows that the federal cuts in the Social Services Block Grant actually passed through to the counties were relatively modest. However, certain counties used the occasion of these modest cuts as a justification for cutting services and in particular day care even further. The State Revised Consolidated Services Plan identified about 38 percent of the cuts, or around $800,000, coming out of day care for all 57 counties and New York City. We have found that in certain larger counties the day care cuts actually overshot the Title XX reductions by a wide margin. In Erie County, for example, the county planned to cut Title XX day care by 50 percent from $1.5 million to an estimated $750,000, although the federal Title XX cuts amounted to only about $22,000. In Monroe County, the cut in day care was almost $1.3 million, although the Title XX cut was less than $500,000. Broome eliminated Title XX income eligible day care altogether, although the Title XX cuts amounted to only $4,967. The depth of these cuts suggests that it was not merely the federal changes at work, but that counties were using the structure of Title XX to minimize their overruns.

The Social Services Block Grant was not the first time day care had been cut, it simply hastened a trend already in evidence. In Monroe County, for example, eligibility had begun to tighten in 1979 and in 1980-81 was at only 58 percent of the median. Monroe County had projected $3-4 million in social services spending beyond its Title XX ceiling -- a level unacceptable to the County administration. Broome County had already stopped accepting new income eligible families for day care services in 1979-80. Families already receiving income eligible day care were continued, but Broome County officials hoped within a few years to have phased out income eligible day care. With the block grant, Broome simply speeded up their phase out.

TABLE 2-4

Varied Reaction To Title XX/SSBG Cuts

County	Changes In Federal Title XX Allocation[a]	Projected Title XX Day Care Changes[b]	Actual Day Care Cut[c]	Policy Response
Albany	-$ 300,264	- $220,000	- $150,804	Obtained waiver to raise parent fees to cover county share
Broome	- 4,967	+ 71,801	- 123,063	Eliminated income eligible day care
Erie	- 22,805	+ 278,000[d]	- 349,615	Cut eligibility to 50% of median
Monroe	- 442,922	1,418,000[e]	-1,290,119	Restricted to protective, preventive
Nassau	- 87,390	- 83,000	- 55,898	No change
Onondaga	- 141,663	0	- 93,975	Lowered eligibility from 71% to 62%
Rockland	- 32,517	- 85,000	- 89,101	Eliminated income eligible
Suffolk	- 612,853	+ 301,142	- 303,257	No change
Westchester	- 733,597	-2,261,000[f]	-1,380,923	Cut income eligible day care slots by 50 %
New York City	-19,313,153	-1,600,000	- 986,429	Invested $15 million of local taxes in day care

[a] Consolidated Services Plan 81-84 (April 1982) "Federal Title XX Funds Provided to Local Districts in Federal Years 1981 and 1982" p. 18-19. This includes only the federal cut in FFY 82.

[b] Local Consolidated Services Plans 1981-1984; Chart VIII, "Estimate of Current Expenditures Title XX Day Care" minus Chart IX, "Estimate of Expenditures in First Year of Plan Title XX Day Care." This includes federal, state and local cut, direct and purchased.

[c] Based on 1980-81 Title XX expenditures without shifts or ceiling minus 1981-82 preliminary expenditures estimated by NYSDSS. These are to be regarded as tentative, since books are not closed for six months after the end of the federal fiscal year. The cuts include federal, state and local shares, purchased day care only.

[d] Erie County cut its provision of income eligible day care in half, and estimated savings of $750,000. In the plan this cut was apparently offset by an assumption that the pickup of former ADC recipients whose grants were discontinued (Chart XIV) would result in increased expenditures.

[e] The county subsequently restored $170,000 for protective, preventive cases no longer eligible for day care under other streams, for a net reduction of $1,281,000 projected by the County.

[f] Westchester planned to eliminate income eligible day care. Instead under a demonstration project $1.3 million was contracted out to a consortium of providers and private funders to retain half of the income eligible slots.

Reason for the Cuts

The earlier erosion of service and the cuts attributable to federal funding cuts have similar origins in the growth of mandated services and the differential reimbursement rates for different services.

When pressed about the disproportionate cut to day care, counties reply that income eligible day care is a nonmandated service. This means, first, that no other funding stream is available except Title XX/SSBG, which requires only 12.5 percent of county funds, and second, that day care may be cut in order to "make room" in Title XX for other mandated services.

Other funding streams are available for certain services, as were identified earlier. Once a county exceeds its Title XX ceiling, costs attributable to certain services are shifted to these other funding sources, which are reimbursible at rates lower than Title XX. For some of the shifts, the county share is 25 percent rather than 12.5 percent; at most, the county share is 50 percent for some part of the shift.

Counties fear that they will so exceed their ceiling that they will be liable for the total cost of some services. Except for a tiny number of counties, however, no expenditures above the Title XX ceiling had to be absorbed entirely by the County in 1980-81, but over and over counties talk as if they must pay the entire cost when Title XX services go over the ceiling. The lack of sophistication in maximizing reimbursement for services makes day care a target for cuts.

By cutting day care, counties reduced the amount over the ceiling liable to lower state/federal reimbursement rates. While from one perspective this is merely a predictable response to fiscal incentives, it results in shifting part of the burden of mandated services such as adoption, foster care, and child protection from all taxpayers to the working poor whose day care subsidies have been eliminated. Moreover, since the mandated services are provided without regard to income, the people receiving Title XX services paid for at the expense of day care cuts are not necessarily poor. The cuts are regressive, therefore.

TABLE 2-5

Pressure On Title XX Services 1980-81

	Title XX Ceiling	Shifts Above Ceiling	% Above Ceiling	Nonreimbursable
Albany	$ 3,385,751	$1,681,854	50%	0
Broome	1,651,299	823,787	50%	0
Erie	7,995,965	2,166,104	26%	0
Monroe	7,082,745	4,899,376	63%	0
Nassau	10,192,763	2,236,999	23%	0
Onondaga	3,613,605	4,240,719	117%	0
Rockland	1,970,352	1,052,570	53%	0
Suffolk	11,183,732	3,034,930	27%	0
Westchester	12,202,058	1,586,873	13%	0
New York City	192,356,742	6,026,108	34%	1,906,581
New York State	289,983,632	95,740,872	33%	2,152,985

Source: NYSDSS, Report V, (9/23/82) 1980-81.

How Counties Made Cuts

The interaction between State and local policy also allowed Counties latitude in the timing and method of cutting. The ability to eliminate income eligible day care was important not only as an option but also as a threat.

Elimination

Table 1-5 in Chapter One lists counties that by policy offer no income eligible day care. This list has grown from 25 in FFY 80 to 34 in FFY 83. Outside of New York City, over 91 percent of income eligible day care appears to be provided by eight counties (in 1982-83 one of these, Rensselaer, plans to drop income eligible day care).[5]

Monroe County was first in the wave of cutbacks, eliminating income eligible day care in July 1981, before the level of funding of the Social Services Block Grant had even been codified. The County restricted "income eligible" slots to protective or preventive cases, which can be shifted to state funding streams when Title XX funds are exhausted. In Monroe this was part of a general pattern of reducing county commitment to day care. The County DSS involvement in WIN has been terminated (although the State Department of Labor continues WIN and is working on services now). The other major category of day care funded under Title XX (ADC-nonWIN) fell from 386 children served in September 1981 to 87 in September 1982. Is Monroe County a pattern of things to come statewide or merely an extreme aberration? Whichever, Monroe provides a chilling example of how quickly and easily a county determined to cut day care can do so.[6]

Eligibility

Counties have also lowered eligibility levels, thereby restricting access to day care for families who otherwise would have been eligible. Table 2-6 shows changes in eligibility, as fewer counties set their cutoff at the State maximum.

Erie County made the most dramatic use of eligibility changes. In FFY 80 eligibility was at 70 percent of the State median. In FFY 81, the County cut to 65 percent, and in FFY 82 it dropped the level first to 61 percent until April 1982 when it set the eligibility at 50 percent of the State median. This level was chosen by analyzing the income distribution of income eligible families receiving services and finding the level at which the cost of the program could be cut in half.

Another technique is to freeze the dollar level at which a family becomes eligible, thereby limiting service. In Onondaga County, for example, the cutoff for a family of four in FFY 80 was $12,933 (71 percent of the State median of $18,216). By FFY 82 it had risen $137 to $13,070 (62 percent of the median, $21,082). In the meantime, median income had risen over 15 percent. Families whose income had risen were likely to find themselves ineligible for day care help.[7]

TABLE 2-6

Number of Counties By Eligibility Levels and Participation

	Before Cuts FFY 80[a]	After Cuts FFY 83[b]
Eligibility 60% or under of adjusted state median income for family of four	5[c]	7
Eligibility over 60% of adjusted State median income for family of four	14[d]	10
Eligibility at State ceiling	14[e]	7
No income eligible program	25[f]	34[g]

Source

Calculated from Comprehensive Annual Social Services Program Plan for New York State October 1, 1979 to September 30, 1980 (September 1979), Appendix C, and NYSDSS internal memo.

Notes

[a] FFY80 is used because changes in income eligible day care can be made relatively quickly. In FFY81, effects were already occurring, so FFY80 is a better baseline. The state median in FFY 80 was $18,216.

[b] In FFY 83 the State median for a family of four is $22,558.

[c] One county gave protective/preventive priority; another county limited to PA recipients and former PA recipients.

[d] One county limited to employed and protective; another served fewer than 10 per year.

[e] Three counties were highly restrictive; and three more served fewer than 10 children per year.

[f] Seven counties limited to protective or preventive only but were counted by DSS as offering income eligible care.

[g] These counties explicitly eliminated this option. If counties with low levels of service were included the totals would be higher in this category.

Raising Parent Fees

Albany County preserved its income eligible day care by obtaining a waiver from the State that allowed it to raise parent fees to cover the County's share of Title XX expenditures. To objections that higher fees would be an intolerable burden for parents, the County replied that the choice for parents was not between the State schedule and the Albany schedule but between the Albany schedule and paying the full cost since Albany was going to reduce drastically or eliminate income eligible day care and would be able to save it only through higher parent fees.

The Albany fee schedule differs from the State's in four ways:

1) its fees are substantially higher, particularly at lower income levels;
2) the income levels at which fees begin are lower;
3) the fee is per family not per child;
4) eligibility terminates at a lower percentage of the State median.

Table 2-7 compares the fee schedule in effect in March 1983 in Albany with the State schedule effective 1983. The mother of two children, one of whom is in a day care center would pay the full cost ($53.50 per week for a center with transportation) in Albany if her income was over $13,264, whereas if she lived in Schenectady County, the same mother would pay only $14 with an income of $13,265. If that mother had two children in care, she would pay $107 in Albany and $19 in Schenectady.

Although labelled a demonstration project, the Albany experiment is probably best seen as an effort to retain income eligible day care in one county. Since January 1982, the County has used three fee schedules, progressively lowering the fees. While relieving the families, it also introduces problems in evaluating the effects.

Although lower than Albany's schedule, the State fee schedule contained fee increases that translated into public savings. However, available data do not permit a comparison of savings between FY 81 and FY 82.

TABLE 2-7

Comparison of State and Albany Weekly Fee Schedule for Full-Time Day Care

Two-Person Family

Gross Income	Albany[a]	State[b]
$ 6,600	$10	$ 2
8,401	14	4
9,972	17	12
10,739	22	16
11,352	53.50[c]	20

Three-Person Family

	Albany[a]	State[b]	
		One Child[d]	Two Children[d]
$ 7,800	$10	0	0
8,801	14	$ 2	$ 2
10,001	17	2	2
11,501	22	6	8
12,318	27	8	11
13,265	53.[illegible]0[c]	14	19

Four-Person Family

	Albany[a]	State[b]	
		One Child[d]	Two Children[d]
$ 9,295	$10	0	0
10,001	14	$ 2	$ 2
10,701	17	2	2
11,701	22	2	2
13,001	27	6	8
14,664	32	12	16
15,792	53.50[c]	16	22

(continued on next page)

Five-Person Family

Gross Income	Albany	State[b]	
		One Child[d]	Two Children[d]
$ 9,830	$10	0	0
10,501	14	0	0
11,501	17	0	0
13,001	22	$ 2	$ 2
14,548	27	6	8
16,100	32	10	14
17,010	53.50[c]	14	19

Six-Person Family

	Albany	State[b]	
		One Child[d]	Two Children[d]
$11,210	$10	0	0
11,701	14	0	0
13,001	17	0	0
14,548	22	$ 2	$ 2
16,100	27	4	5
19,356	53.50	14	19

Sources

a) Albany County, Fee Schedule for Day Care Services, effective March 1983.

b) New York State Department of Social Services, Fee Schedule for Day Care Services, 1983

Notes

a) The fee in Albany is per family, no matter how many children are in care. For part-time care (less than six hours of center care or less than three in family day care) the fee levels are $5, $7, $12, $17, $22, and $27, for the same levels of gross income. The income bands used are those set by Albany.

b) The state sets different income bands than those shown in this table.

c) This is the cost of full-time care in a center that provides transportation. At this income level, the parent is liable for the full cost of the day care. If there are two children in care, this amount would be even larger.

d) The fee for the first child is for full-time care. The fee for the second child is either full-time or part-time.

Informal Barriers

Because the actual shape of programs is determined at the county level, because the counties can change eligibility without long lead time, and because the uncertainty about SSBG began in 1981, the timing of changes and impact stretched over an extended period. Even before explicit changes in policy were made, income eligible day care was shrinking. This suggests that informal as well as formal policies were at work to restrict income eligible day care.

Although it would take program audits of local County policy and practices to make the complete case, our brief examinations of various counties have disclosed a number of possible mechanisms:

1) reduced staffing;
2) staff turnover;
3) increased lags in processing;
4) changes in procedure that tighten access.

Conclusion

There appears to be no reason to expect trends identified in this section to halt. Federal fiscal pressures continue, day care for people just above the welfare level continues to be pitted against services for the destitute, mandates continue as do differential reimbursement rates, and day care can be easily cut. Even in counties such as Greene and Tompkins, which have distinguished records of day care provision, systems are being contracted. Monroe--a county with a high investment in services--has backed away from day care to a large extent. Without an earmarked and enriched funding stream, holding day care services to families just above the welfare level may be impossible. No public debate on the worth of day care services is taking place; counties simply decide that they "can't afford" day care because of fiscal structures.

Day care is symptomatic of the larger problem of funding social services. In the long run, the solution to this issue is part of the more general revision of Title XX distribution formula now underway and of the simplification of State financing of social services as a whole. However, short-run intervention is imperative if income eligible day care is to be retained in New York State.

ADC DAY CARE CUTS

The State has increased the categories eligible for day care through Title IV-A. Not only are employed ADC recipients eligible, but also student parents under 21 and parents in job training. Proposals are being considered to extend IV-A to students over 21 completing high school, parents in programs such as literacy or ESL and parents in the process of job hunting. However, counterbalancing these expansionary state regulations have been federal changes in regulations that make it more difficult for the working poor to receive welfare.

When we examine the ADC caseload before the cuts, it is not surprising that the changes hit hardest outside of New York City. Table 2-8 shows that 9.5 percent of ADC mothers statewide had earned income. Outside of New York City, the proportion of employed mothers was 17 percent, nearly double the statewide average. We do not know how many children these mothers had nor how many of the total received day care. We do know that over 50 percent of the day care purchased directly by DSS through Title IV-A went to children outside of New York City in the year before the new ADC regulations took effect. These were ADC children who were primarily in day care centers and family day care.

In January 1982, the 150 percent gross income test and $160 per child cap on day care expenses took effect. Table 2-9 is taken from a pamphlet issued by Monroe County, where 150 percent of the standard of need resulted in cutoffs at $366 per month for one person, $506 for family of two, and so on. In Monroe County, 35 percent of the caseload is composed of a mother with one child. If the mother works 40 hours a week at minimum wage, she will fail the 150 percent cutoff. If she earns less, then the $160 cap comes into play. This cap means that families must pay any excess over the $160. When the grant available to the family is less than $160, families must pay the difference. Since $160 does not cover the cost of center care, in both cases, families are under pressure to find less expensive forms of day care, unless the county picks up the difference with Title XX funds.

In April 1982, the $30 and 1/3 income disregard expired for the first time. Some families were cut off, but many more had their grants reduced. Because of these reductions, the grant no longer covered day care, and families who had been paying nothing for day care were now responsible for all or part of the cost. For example, in Monroe County out of a sample of 25 cases affected by this regulation, one case was closed and 8 cases had to pay an average of $38.71 a month for day care, whereas before they paid nothing. The highest amount paid by a family was $124.61 per month; the lowest, $4.21 a month. Unlike the amount above the cap, none of this can be picked up by Title XX funds. Each month the four-month limit expires for a group of families, with similar economic impact.

How many families have been affected by the 150 percent cutoff, the $160 cap and the income disregard time limit? The State information system on income maintenance contains, in theory, the information needed for such an analysis, but is not designed to track cases over time. A special study by State DSS found that between January and July 1982, over 5,700 cases (roughly 4,200 of them ADC, 400 ADC-U and 1,000 HR) were closed due to the 150% gross income test--about 10 percent of the cases with gross income. Over 6,800 cases (roughly 5,400 ADC, 550 ADC-U and 890 HR) lost $30 and one-third income disregard, but only 5 percent had their cases closed due to the loss of income disregard alone; 83 percent had their grants reduced.[8] However, it is not known how many of these cases had child care allowances, since the data base specially constructed to study changes did not include child care among the issues of concern.[9] From the structure of the program alone we can surmise that the changes not only resulted in cutoffs, but also in strong pressures for poor families to withdraw from more expensive, formal care which can be identified on day care claims to the State.

TABLE 2-8

ADC Mothers With Potential Need for Day Care 1979

	Employed	Job Search	School Or Training
State	9.5%	10.1%	2.6%
New York City	6.1%	9.8%	2.1%
Balance of State	17.0%	10.9%	3.6%

Source: New York State Department of Social Services (December 1982) Characteristics of AFDC Families in New York State; Results of The March 1979 AFDC Characteristics Study (Albany: NYS DSS) Table 16 "Employment Status of Mother by Race and Region, March 1979" p.48.

TABLE 2-9

An Example Of the 150% Cutoff For ADC

Family Size	Public Assistance Grant (Standard Allowance)	Maximum Monthly Income To Qualify for Public Assistance (150% Test)
1	$244	$366
2	337	506
3	411	616
4	488	733
5	560	841
6	627	940

Source: County of Monroe, Department of Social Services (January 5, 1982) Welfare Changes.

A look at the claims in Table 1-5 reveals a striking contrast between New York City and counties outside of New York City. In the rest of the state there is the expected decline in ADC day care purchased directly by DSS. Outside of New York City, the monthly average declined 76 percent between FFY 81 and FFY 82; in the city of New York, there were increases in purchased ADC day care. As a result, in the first quarter of 1982-83 over 80 percent of the children receiving purchase of service day care under Title IV-A were in New York City, in contrast to 47 percent in the first quarter of 1980-81. This is particularly curious, given that the federal changes capped the day care allowance at $160 a month--a sum that is totally inadequate to purchase center or family care in New York City. New York City appears to be holding its ADC day care in the face of strong fiscal pressures to the contrary. This contrast raises the question of whether counties outside New York City are not only affected by regulatory changes but also are deliberately pulling back from involvement in the formal day care system not only in Title XX but also in IV-A.

PROGRAM INTERACTIONS

ADC/Title XX

When families are cut off ADC or must pay more than $160 per child for care, they may receive Title XX funds for day care, depending on County policy. Most counties with income eligible day care shift families or costs over from ADC, but no State administrative directive provides explicit guidance. This may be done only for clients in the formal day care system, not with families who make their own arrangements and pay directly out of their grants.

Finding out how many cases involve such shifts appears beyond the current capability of the DSS information system without extensive efforts.[10] It may be that former ADC eligibles or ones with high child care costs may create further pressures on Title XX slots.

One potential source of pressure on Title XX slots by former ADC recipients may result from retrospective budgeting. OBRA requires ADC budgets to be recalculated monthly, based on income from the previous month. Only five counties are using this method, with seven more slated to begin in May 1983, and the rest in October.[11] This method results in monthly changes in budget, including child care, which creates a strong incentive for caseworkers, providers and families to stabilize child care payments by shifting the case to Title XX. This means when the family no longer receives ADC, they appear to choose this child care option. In Albany County, there has been a nearly symmetrical drop in children served by ADC and rise in those served by Title XX as Medicaid eligibles. Should retrospective budgeting actually be implemented Statewide, and counties react as Albany did, this could have a strong effect, particularly if New York City emulated Albany. In the 34 counties without income eligible day care, there is no alternative source of funds. This makes it particularly important for the State to review and strengthen its directives mandating day care for employed ADC recipients.

TABLE 2-10

Program Interactions

	ADC Cutoffs Shift to Title XX	Title XX Pickup Above $160 Cap	Title XX Pickup of Difference Between $160 and Grants Below $160
Albany	yes	yes	no
Broome	no	no	no
Erie	no	no	no
Monroe	no[a]	no	no
Nassau	yes[b]	yes	no
Onondaga	yes	yes	no
Rockland	no	no	no
Suffolk	yes	yes	no
Westchester		no	no

Source

Interviews with local Social Services officials or Day Care Councils.

Notes

a) 30 cases were referred to United Way.

b) Regular referral from formal day care system.

Protective/Preventive Day Care

If Title XX is a way of re-funding part of Title IV-A day care, are State protective and preventive monies a way of re-funding part of Title XX, since the day care definition in the State Consolidated Plan was liberalized last year to permit more than one year of protective or preventive day care under specific conditions? Are protective services, including day care, being shifted to preventive services to enjoy a higher reimbursement rate?

Unfortunately, there are no ready answers to such questions. Data on the numbers of children served by protective or preventive day care are not reported on the G-2 schedule; in fact they are buried in other categories. Both groups are now reported on the Social Services Required Reporting System, whereas in previous years they had not been. Moreover, SSRR tends to undercount people served by purchased services, since it captures only those cases on which time was spent by DSS workers. The State Register lacks services information, as does the Child Care Reporting Service. The Uniform Case Record has narrative but not statistical reports on services. Thus, despite voluminous documentation of cases, there is no accurate count of children placed in day care to protect them from abuse or neglect, or to prevent their placement in foster care. Even if there were, there would also have to be a system of tracking cases from one category to another to capture the shifts in question.

An evaluation of the Child Welfare Reform Act by WRI is aimed at answering some of these questions, but it is a long-term study. In the meantime, alarmed at the rising level of mandated preventive expenditures, the State Division of the Budget is pressing State DSS to introduce regulatory controls on how preventive money is spent. Day care is one of the targets.

Based on our admittedly partial evidence from families and local districts, the evidence is of the opposite problem -- counties outside New York City rather than expanding protective and preventive day care, seem to be restricting it. In Monroe County, for example, slots remained unfilled, and the County appears to have eliminated 47 protective slots in October 1982.[12] In Erie County the number of children in protective day care averaged almost 64 per month during the first eight months of 1981; between September 1981 and September 1982 the sum of protective and preventive day care was about 41 children per month.[13] Moreover, in 1981-82 at least 29 counties did not make any claims for reimbursement for protective day care nor show any time spent by caseworkers on protective or preventive day care.[14]

WILL THE JOBS BILL AND JOB TRAINING PARTNERSHIP ACT FILL THE VOID?

The federal Emergency Jobs Act provides $235 million for Title XX services nationwide; $13.1 million of this will flow to New York State. The Job Training Partnership Act will provide $230 million for New York State, 15 percent of which may be used for administration and support services, including day care. The apportionment of these funds is still to be decided. The people who receive work or training through these programs will undoubtedly need day care as one of the services, but these programs will not be sufficient to restore the deep cuts sustained by day care in New York State.

NOTES

[1] The exclusion of caseworker and other administrative (direct) costs provides a more reliable estimate of expenditures on day care. In the Consolidated Plans, direct and purchase of service is identified for the first time in FFY 83, so Table 2-1 cannot compare these components for previous years. For actual expenditures, the different components can be shown. The direct expenditures are estimated by applying SSRR percentages of caseworker time devoted to each service against total administrative costs claimed on the D-2 and D-9 schedules. These SSRR percentages can be manipulated by sophisticated districts to maximize or minimize claims in particular service categories, depending upon reimbursement rates for a service.

Table 2-A shows that total expenditures on Title XX day care appear to have increased between FFY 81 and FFY 82. These increases are not due to expanding services. They are entirely due to changes in how New York City has chosen to treat direct expenditures.

In interpreting direct expenditures in Table 2-A, it appears that outside New York City direct costs have been buffered from reductions to a greater extent than the cuts in service. Purchased Title XX day care expenditures were cut over 29 percent whereas direct expenditures declined by half that proportion. Direct expenditures appear to be taking a larger percentage of Title XX day care totals. No such conclusions are possible in examining New York City, since estimates of its direct spending appear so unstable. Even the upstate figures on direct costs should be used with caution.

TABLE 2-A

Total, Purchased and Administrative Costs
Title XX Day Care
(thousands of dollars)

	Direct[a]	Purchased[b]	Total[c]	% Direct
		FFY 81 Expenditures		
State	14,684	124,732	139,416	10.5%
New York City	10,978	110,498	121,476	9.0%
Balance of State[d]	3,706	14,234	17,940	20.7%
		FFY 82 Expenditures		
State	22,492	119,607	142,099	15.8%
New York City	19,334	109,512	128,846	15.0%
Balance of State[d]	3,158	10,095	13,253	23.8%
		FFY 83 Projections[e]		
State	3,529	127,446	130,978	2.7%
New York City	-0-	117,700	117,700	0%
Balance of State[d]	3,529	9,746	13,278	26.6%

Sources

a) Calculated by subtracting Purchased from Total.

b) NYS DSS, Report III for FFY 81 and data provided by NYS DSS from G-2 schedules, Total Part B.

c) NYS DSS data provided to the Title XX Advisory Committee

d) Calculated by subtracting New York City from State.

e) NYS DSS printout of Chart IX, Estimate of Expenditures for Second Year of Plan

Notes

a) Direct expenditures are calculated by applying SSRR percentages of caseworker time spent on day care to the total overhead on D-2 and D-9 schedules.

b) Purchased day care represents the cost of day care received by children from providers.

c) Total is the sum of G-2, Part B plus D-2 and D-9 estimates of direct expenses based on SSRR percentages.

[2] Some counties had set limits of their own below $160. The State directed them to raise these limits in March 1982.

[3] For ADC recipients with day care expenses over the cap, the excess could be counted as a special need until September 1982, when DSS interpreted a federal regulation to eliminate employment-related special needs (including day care expenses beyond $160 per child per month.) ADC recipients in job training or high school may still receive child care as a special need. Few do, however.

[4] New York State, Department of Social Services (1982) Day Care Policy Paper, p. 1.

[5] The eight counties are Albany, Erie, Nassau, Onondaga, Rensselaer, Schenectady, Suffolk and Westchester.

[6] Monroe is currently considering restoration of some income eligible day care, restricted perhaps to certain needs, such as latch key children.

[7] Onondaga's cuts combined this limit on eligibility with an across-the-board cut in all services based on SSRR percentages, a freeze on staff in day care that cut 7.5 staff, and a new policy on paid absences.

[8] New York State Department of Social Services, Office of Program Planning, Analysis and Development (March 1983) Effects of Selected Program Changes on Public Assistance and Food Stamp Cases from January through July 1982 (Albany, NYS DSS).

[9] Communication from Emily Young, Director of Office of Program Planning, Analysis and Development, NYS DSS, February 15.

[10] Ibid.

[11] Implementation has been enjoined, however, in certain instances. Jones V. Blum, Velasquez v. Perales, Powers v. Perales, described in New York Legal Services Journal (April/May 1983) vol. 2, no. 3, p. 1.

[12] Letter from Susan Kunz, Children's Alliance, Monroe County (May 15, 1983). The Director of County DSS Services does not describe cuts in slots but does admit that protective day care spending is well below projections.

[13] Erie County Department of Social Services, Monthly Child Care Report: General Services District (B-1863). After September 1981, the report recorded protective and mandated preventive separately. Before then, it recorded protective day care. In Erie County it does appear that the County has increased preventive day care from 11 to 19 cases and reduced protective from 35 to 18 over the course of September 1981 to September 1982. But the decrease in day care seems more important than the substitution.

[14] Schedule G line 17 and SSRR Cayugas lines 40 and WTSVC 25, WTSVC26.

CHAPTER THREE

EFFECTS ON FAMILIES AND CHILDREN

> *While recognizing that the elimination of day care for low-income families does not, in itself, present life threatening consequences, mothers and providers expressed fear of the consequences of a lesser quality of care during critical developmental years.*
>
> (Governor's Task Force on the Federal Budget, (August 1982) Public Forums: Testimonies and Statements of Concerned New Yorkers Impact of Federal Fiscal Year 1983 Budget Proposals, p. 9.)

In Chapters One and Two, numbers told the story. In this chapter, data on effects are less available and must be combined with the stories of real families to sketch out some of the difficulties created by the cuts. Those families who actually felt the brunt of the cuts can be identified. They have names and unique personal histories. They have even been studied a bit by counties. We will meet some of them shortly.

The major victims of the cuts are those children who will never get day care help. Their parents are turned away, often without even an application. If their parents do apply, the record of the denial will never give day care cuts as the reason -- only ineligible due to income, or no services available or some other true but partial reason.

OUR METHOD

The families we interviewed are not a statistically valid sample even of those cut. We chose them as we could find them through the Day Care Councils, sympathetic caseworkers, and in Monroe County, as part of a larger study of Title XX cuts and interactions with other federal program changes.

We interviewed families in Erie, Monroe, Onondaga, Rensselaer, Albany, Ulster, Dutchess, Rockland, Westchester, Nassau and Suffolk counties. The bulk of the interviews were done by staff with graduate training in social science research; a few were done by volunteers. We tried to meet with families at their homes or their child's day care center, but a few interviews were conducted by telephone. The same interview schedule was used in all cases to learn about the sources of the family's income, the variety of changes that affected them, the day care arrangements, as well as specific problems created by the changes at work and at home for parents and children. Besides the practical, day-to-day issues, we also felt it was important to explore effects on the parents' goals for themselves and their children.

WHAT ARE THE FAMILIES LIKE?

Information on the kinds of families that receive help with day care outside New York city is scant.[1] There are some national studies from the mid 1970's, some general studies of working mothers done from census data, and local reports. No profile for either ADC or Title XX families receiving day care is reported for the state. We do know that these families are unlike the average families in the state because they are overwhelmingly headed by a single parent, usually female (See Table 3-1). The typical family has one or two children.

Most families need day care because the mother works full-time. The next largest group are those in training. The remainder are parents under 21 finishing high school, and families who cannot care adequately for their children because of illness, incapacity or because of abuse or neglect by parents. Our interviews concentrated on the most numerous category, the working parent, although we did meet with a few parents in training and parents whose children were protective or preventive cases.

WHAT HAPPENED

The changes had three general results:

1) families lost day care benefits entirely;
2) families had to pay more for day care from their own resources;
3) families were not affected appreciably.

This chapter focuses on those families who were affected by the changes - those who became ineligible for ADC or Title XX day care subsidies and those who had their ADC grant reduced or had to pay higher Title XX parent fees.

TABLE 3-1

Proportion of Single-Parent Families with Children

	New York State[a]	ADC[b]	Title XX[c]
Couple	77.4%	8.2%	5%
Single Female-headed	20.5%	91.0%	95%
Single Male-headed	2.1%	.8%	

Sources

a) New York State Data Center, 1980 Census of Population, Characteristics of People and Housing (Summary Tape File 3). Calculated from total New York State, "Own Children by Family Type." Does not include subfamilies.

b) New York State Department of Social Services (December 1982) Characteristics of AFDC Families in New York State: Results of the March 1979 AFDC Characteristic Study, Table II "Reason for AFDC Eligibility by Race and Region," p. 43. These figures are for all ADC recipients, not just employed recipients.

c) Monroe County Department of Social Services (February 1982) Cutting Day Care: The Impacts of Reducing Day Care for Low Income Clients, Appendix B, "Basic Demographic Data," p. 14. A New York City study found that 83 percent of its day care caseload was from single-parent families, New York City Human Resources Administration and the New York State Department of Social Services (March 8, 1982) Background Papers, prepared for the City/State Advisory Task Force on Day Care, p. 1.

In some sense the distinction between loss of benefits and higher payments effects is arbitrary, since for those who lost day care benefits, the price they had to pay was the full cost of day care.

Introductory economics teaches that when price rises, demand falls. How fast it falls is measured by the elasticity of demand. If demand is elastic, a small increase in price results in a large decrease in demand. If demand is inelastic, a large increase in price results in a small decrease in demand. The demand for day care as a generic item is highly inelastic. As we will see, people simply do not quit work just because day care is more expensive. However, the demand for particular modes of day care may be quite elastic. One important determinant of the elasticity of demand is the relative price of substitute products. If substitutes become relatively cheaper, then people are likely to switch.

The policy changes have tended to raise the price of whatever form of day care a family is using. One obvious substitute is for a mother to quit working in order to care for her children. Another substitute is to leave her children without care. A third is to substitute a lower cost form of care. We will look at each of these in turn, both in terms of how large these responses are and of issues raised by the choice.

EFFECT ON THE CHOICE OF WORK

The alternative to working and paying for child care is to quit work, assume full-time responsibility for child care, and go on welfare. Taken as a whole, the vast majority of families reject this option, and those who choose it, do so reluctantly.

> ### A.F., Dutchess County
>
> A.F. is currently a parent at home full-time with three sons, aged 3 months, 2-1/2 years, and 6 years. She is single, black and 26 years old. The family receives ADC, Medicaid and Food Stamps. In October 1981, A.F. was hired as a home health aide for $120 a week. She received $47 from the Department of Social Services and a Medicaid card. Her two children were in day care, one for a full day and one after school.
>
> On January 1, 1982, she became ineligible for day care because of the 150 percent gross means test. She was able to keep her children in care through May 30

> with her own resources, but had to quit her job because she could no longer afford the care. She is back on ADC. A.F. would much rather be working and doesn't know how she can get herself out of this situation. She says, "I was planning on working with a goal of getting off of public assistance and now with the cuts I am back where I started from."

Another mother put her situation less charitably:

> "I have to quit working and go on welfare...(The federal government) should have attacked people on welfare able to work, not people working trying to help themselves."[2]

The choice to quit working appears to be related to income. The lower a mother's wages, the lower is the opportunity cost of ceasing to work. This implies that for all families affected by the changes, the percentage quitting work may be quite low. However, this percentage is not likely to be distributed randomly among all families affected by the cuts but instead will be concentrated among the poorest families.

Evidence from the Monroe County Study of its July 1981 Title XX day care cuts bears this out.[3] There were three groups affected by these changes. One group, 79 percent of whom had incomes below $10,000, lost all Title XX benefits. Another group, equally poor, switched from Title XX to United Way and had to pay a higher fee. A third group, 88 percent of whom had incomes over $10,000, lost their United Way assistance, when these scholarships were switched to the second group. In the higher income group, only 6.8 percent altered their work arrangements. In the low income group 16.9 percent either quit work or changed their hours. While the Monroe County results are not statistically significant because the samples are small and the response rates low, they provide at least some evidence of differential responses. However, even at the lowest income levels, most mothers continued to work.

These parents have to work. They do not see work as self fulfillment or social obligation; it is the means of survival. Day care is instrumental to keeping their job.

The conflict between career advancement and maintaining eligibility for day care was a repeated theme in our interviews. Raises and promotions are actually a source of anxiety for these mothers because higher income may put them above the cutoff for eligibility or be partly absorbed by higher day care fees.

> W.V., Onondaga County
>
> W.V. is a 25-year old black woman who lives in a subsidized project with her 4-year-old son. Their living room is comfortably furnished. One of the focal points is a tropical fish tank that is a source of enjoyment and pride. The day of the interview, W.V. had arranged for her niece to be on hand to answer the phone and make W.V. available to talk freely.
>
> Her child has been in day care over three years and she has had to change arrangements several times. She has taken two pay cuts and switched from a job with seniority to provisional state employment in order to retain eligibility for assistance with day care. She did not try for more secure, higher paying jobs with the post office or airlines because she believed she would be no better off due to the loss of day care subsidy and subsidized housing. She is angry that she has had to work below her capabilities in order to meet her son's need for stable day care arrangements and feels she is punished for being a single working woman. "You can forget a career," she says, "They (Department of Social Services/society) don't care. All they want is for you to find a man. I've done this all by myself. I don't have public assistance. I don't have food stamps. All I need is one more year of day care help."
>
> In January 1983, W.V. was cut because she was $13 over income for Title XX day care. Her child remains in the day care center thanks to a United Way-funded scholarship W.V. had prudently applied for months earlier on the chance that her eligibility would not continue.

LEAVING CHILDREN UNSUPERVISED

Latch-key children come home from school to an empty house, or even to a locked door and no place to go. This is not only a problem for low income families; however, this report emphasizes the poor, who are the primary recipients of day care help. It appears that the latch-key problem may have increased due to budget cuts. School-age children need part-time care, and that kind of care provided through public funding has decreased. Sixteen counties appear never to have offered part-time care. In the remaining counties outside New York City, the number receiving part-time care decreased from an average of about 3,100 to under 2,000 -- a 35 percent decrease.[4] Part of these decreases are due to transfers out of the formal system, part are due to the overall drop in day care. But part-time care has decreased.

Our interviews revealed that reduction in available day care has resulted in more latch-key children.

> K.R., Monroe County
>
> K.R. is a 45-year old, single black woman who earns $12,445 gross salary per year. She has five children aged seven to thirteen; three of these are adopted. The two youngest are boys and the older three are girls. K.R. is employed full time and is a full-time student at a local college.
>
> K.R. supports the family on her own salary. However, she does have Section 8 housing. In addition, she receives a subsidy for one of the children whose adoption has not yet been finalized.
>
> K.R. had income eligible day care for about two years before the county eliminated it entirely in July 1981. She brought the children to the center at 6:30 am before going to work and left all of them with the exception of the recent addition. The children went after school, holidays and in the summer. After the county cut income eligible day care, the United Way picked up part of her day care expenses and K.R. paid $40 every two weeks. In October 1982 she took the children out of day care because she was falling behind in her bills.
>
> K.R.'s work hours are from 7:00 am to 3:30 pm Tuesday through Saturday. The older children look after the younger ones before and after school and on Saturday. A neighbor helps out in case of illness. K.R. feels that this is too much responsibility for the older girls, yet she has not been able to find alternate arrangements. Although the current arrangement does not cost more in terms of dollars, K.R. feels it is costly because of what is being demanded of her two older daughters. The girls are

> tired and the boys are not getting adequate after-school supervision. In addition, K.R. is often interrupted at work by phone calls from her daughters asking her to intervene in problems the daughters are having with the younger children, especially the boys. Because the boys do not always come home when expected, K.R. worries about safety problems.
>
> Although K.R. chose to cut out day care instead of falling behind more in day care payments or falling behind on other bills or cutting any more on food, she is now concerned that she might have to put the boys back in day care because the girls are finding it too difficult to watch them. She does not know how she will find the money to make this arrangement.
>
> K.R. said, "If the aid money wasn't cut, they would be at the day care center still. I would know where they are and a twelve year old would not be having to deal with them."
>
> Subsequent to our interview, K.R. dropped out of school because one son's behavior became an increasing problem that the older girls could no longer handle. Because of truancy, he is in danger of institutional placement.

Existing studies of day care cuts confirm that more children are being left unsupervised. The most rigorous study, by the Community Service Society of New York, interviewed a sample of 211 families in New York City, who had either lost day care, continued in day care, or were on a waiting list for day care.

The research discovered that 9 percent left their children alone on a regular basis and another 10.2 percent did so occasionally. In the group that lost day care, however, the proportion who left their children regularly was higher - 13.6 percent, compared with 5.6 percent of families still receiving public day care. However, this underestimates the latchkey problem. Many parents did not count leaving a child with an older sister or brother as leaving them unsupervised, even though the older child might be only nine or ten. Thirty percent of the parents said that their older children (14 or under) were responsible for younger children in the family. In addition, 20 percent of the working parents reported that they had made no arrangements for their children. In comparing arrangements and hours of work, researchers found at least another one-third more children were left unsupervised at least some of the time. "Therefore, it would appear that more than half of the children in this study were regularly or occasionally left without supervision for part of the day, while their parents worked."[5]

The sample for this study was drawn originally in 1979 when cutbacks were due to the City's fiscal crisis. Although it is representative of New York City, its findings cannot be extended automatically to other places. Monroe County and Broome County provide some glimpses of the more recent cutbacks outside New York City. In the Monroe County study 17 children stayed home alone after school out of 171 children. Of these, 13 were in the group that lost day care entirely - or about 19 percent of this group of children. Another 12 in this group were left in the care of older brothers or sisters.

> "The most problematic cases were one family in which a seven-year-old and a five-year-old were at home alone after school, one seven-year-old left at home alone after school, one eight-year-old left at home alone after school, and a family in which a two-year-old and a eight-months-old child were left in the care of an older sibling (age not specified)."[6]

This report notes that many of the families who lost care entirely responded with multiple arrangements, and shifting ones over time. Such instability raises the question of whether children might have been left alone occasionally when arrangements broke down. Child Protective Service reports on children left unsupervised rose 14 percent in the three months following the cuts, whether due to increased incidents or to a public more alert to the potential problem. Reports tapered off somewhat thereafter. This increase took place as child welfare reports as a whole were decreasing. The proportion of indicated cases arising from the reports rose as well.[7]

The Monroe County study has been acknowledged to be inadequate, and its findings are like those in this chapter - indicative of problems but not conclusive about the extent. More complete answers may be forthcoming thanks to a more extensive survey currently underway in Monroe County through the Data Sharing Project, a cooperative effort of local Department of Social Services officials, the United Way, denominational executives, and private agencies conducted by the Center for Governmental Research. A statewide effort of this sort could document effects more rigorously.

In Broome County, of eighteen families who lost day care when income eligible care was first eliminated, three have "no definite arrangements, but use whoever is available."[8] Although the report does not say so, we surmise that sometimes at least "no definite arrangement" means "no supervision at all."

From these different studies, we can conservatively estimate that at least one-sixth of the children affected by cuts and probably more are latch-key children.

Consequences

Both in our interview and in the CSS and Monroe County studies, parents expressed anxiety and dissatisfaction with such arrangements. Their first fear is of physical safety.

> ### C.J., Suffolk County
>
> C.J. is a 38-year old, divorced white woman with a college degree who currently earns $11,500. She has a 5-year-old, who receives income eligible day care, and an 11-year-old son, who goes to a recreation program some afternoons, and stays alone other afternoons. C.J. has fears about her son staying alone. He has emotional problems and needs supervision, but she cannot afford to pay a sitter. She is particularly worried because he likes to play with matches and candles. The son had lived out of state with his father, but returned after the father ran into financial problems, too. The mother has actually considered placing her son in foster care.

C.J.'s fears about fire are not unrealistic. In Monroe County a seven-year-old child left alone started a fire; luckily an alert neighbor rescued him. Officials in Newark, N.J., estimate that one out of every six fires is started by unsupervised children.

Parents with older children worry about drugs, or premature sexual activity, or roaming the streets and getting into trouble.

For most children, the dangers are less acute - hours in front of the T.V., strife with siblings, filling up on junk food. According to the CSS study, the effects on children of being left alone after school are not well studied.[9] However, it is clear that this is a stop gap, a choice of necessity not preference for most parents, in the absence of affordable day care.

ALTERNATIVE FORMS OF CARE

In many cases parents and caretakers try, often valiantly, to keep the children in the same place.

> R.C., Onondaga County
>
> R.C. works in a bank full-time, but her earnings are so low that she and her three children qualified for ADC. In March 1982 the center where the two youngest are in care was notified that her grant did not cover the cost of care and that she would be liable for $38 of the total monthly fee. By May her share was at $57; June-September it remained around $100. In October it rose to $229. In November 1982 her worker advised her that she would be better off refusing ADC and receiving income eligible care. Although she had been paying the center $30, then $40 every couple of weeks, she was in arrears. Because of this debt, the County nearly refused her Title XX day care until the center agreed to write off the debt and give the family a partial scholarship.
>
> The mother feels that day care is crucial to her children's well-being. When asked what she liked about the arrangements, she dwelt on the fact that she knew they were being properly fed. She also mentioned educational value, no accidents, and presence of other children. This family is very poor. They pay about 50 percent of their income for rent and utilities, for example. They are vulnerable as well; the family had rented an apartment in the summer which had fleas. They moved out to live with her mother, leaving the furniture, and the landlord rented the place with their furniture in it. Two moves within a two-month period on top of the cuts in Medicaid, Food Stamps, and day care subsidy make this mother fearful of the future, when her raise may make her eligible for even less subsidy.

J.E., Erie County

> J.E. was not so "lucky." She lives in Erie County, where eligibility was cut from 61 percent to 50 percent. She became ineligible in April 1982 and lost day care assistance for her two children. Before the cuts, she paid an $8 and $9 fee weekly. She established a $1,000 nest egg as she realized she might become ineligible, and managed to keep her two children in care until October 1982. Then, having exhausted this fund, she could no longer pay $100 a week and placed her children with a neighbor who charges $65 a week. Her older child attends a pre-kindergarten program. J.E. misses the kind of care the children received at the center and is concerned about the bad language her son has picked up from the sitter's child.

Kinds of Arrangements

In Broome County, a follow-up on income eligibles found that of 18 families whose income eligible day care was terminated, four no longer worked, six kept their children in a day care home, two paid a sitter, three asked a relative to care for the children, and three made no definite arrangements.[10] These are broad categories of alternatives, several of which have been discussed.

A more detailed look is provided in Monroe County. Table 3-2 reproduces the alternatives in the study. In each group over half the children stayed in the same place for at least three months after the cuts. Few turned to relatives (other than older children), or neighbors for care. The remainder instead chose less expensive options - private sitter, nursery school, public school or less costly center.

The families using less expensive forms of child care are likelier not to have support networks of people that they can rely on.[11] Therefore, they must buy child care, and on a tight budget day care competes with other necessities, forcing parents to abandon care they approve of because they cannot afford it any longer.

TABLE 3-2

How Child Care Needs Were Met

Monroe County Study

	United Way Cut[a]	Switched from DSS to UW[b]	DSS Cut[c]
A. Found private sitter	7	2	23
B. Accepted welfare	0	1	10
C. Resigned to be home with child	2	3	4
D. Relatives to give care	3	8	9
E. Kept child in same center privately	19	0	19
F. Used less expensive group care	4	2	0
G. Care given by neighbors	2	3	6
H. Enrolled child in public school	2	6	11
I. Child taken to work or school with parent	0	0	0
J. Enrolled child in Head Start	0	0	0
K. Child kept home alone after school	1	3	13
L. Changed work hours to be home with child	0	3	5
M. Child stays overnight with sitter	1	1	3
N. Older sibling provides care	3	5	12
O. Paid fee to keep child in same center	0	49	15
TOTAL	44	86	130
NUMBER OF CHILDREN	33	69	69
ARRANGEMENTS PER CHILD	1.33	1.26	1.88

Source

Monroe County Department of Social Services and United Way of Greater Rochester (February 1982) Cutting Day Care: The Impacts of Reducing Day Care for Low Income Clients Appendix C, p. 15.

Notes

a) United Way clients cut in order to give scholarships to former Title XX recipients in group care.

b) DSS clients whose subsidies were shifted from Title XX to United Way.

c) DSS clients whose day care aid was entirely cut.

The families interviewed are less satisfied with these cheaper alternatives. In the Chapter One case studies, Michael's situation exemplifies many of the complaints of other families:

1) no educational stimulus
2) no adequate play area
3) few playmates
4) food must be supplied by parent and may not be as varied or nutritional as at the center
5) no "extras" - transportation, field trips.

Because only two children are cared for, Michael's sitter is not required to be certified.[12] Our study found many Michaels, particularly among those who lost eligibility entirely. Their parents complain not only of the issues raised by Michael's mother, but about regressing or acting out, about unreliability of sitters, and other problems. As the Governor's Task Force observed in the quotation at the outset of the chapter, these children are not necessarily in danger of starving or being hurt, but they are losing out developmentally.

Continuity of Care

Alternative arrangements are not always easy to find. For the families in the Monroe study whose day care assistance was eliminated the number of different arrangements is larger than for the other groups. Children need continuity of care, and often regress when care is disrupted.

M.L., Ulster County

M.L. is a white 34-year-old divorced woman who currently earns a salary of $14,000 a year. She has two children: a daughter who is six and a son who is thirteen. She receives no government assistance at this time.

After separation from her husband in 1978, she went to work in a CETA public service job to support herself and her two children. Her eighteen-month-old daughter went to a sitter and her son was in public school. M.L. paid the child care fees. She got laid off at the end of September in 1979 and received unemployment benefits. In March 1980 the benefits expired and with no job prospects, M.L. went to DSS for assistance. In May or early June, she applied for

> another CETA position and was offered a training program at the community college. She was paid a stipend. At this time, she made contact with DSS day care and made arrangements to take her daughter to a center in a nearby city. In December 1980 she was hired by the CETA administration as a regular employee. (By this time she went off her assistance grant.) Day care was paid by DSS for her daughter but not for her son because licensed child care was not available for him.
>
> Day care subsidies were terminated December 30, 1981. From January 1, 1982 through September 1982, babysitting was a juggling act. M.L.'s former sitter watched her daughter for $25 a week, and in exchange, M.L. watched her sitter's children on the weekends. When her daughter was removed from day care, she resented the change and regressed in her behavior by sucking her thumb. In the summer, M.L. used whatever arrangement was available and took a long vacation.
>
> It was very difficult for M.L. to make alternate arrangements. She lost time from work and incurred additional transportation costs. She had to make new arrangements frequently at first. In September, she showed a greater number of absences and was late more frequently. Although she is currently satisfied, she will once again have problems in the summer. The care (whatever she can get) will be costly. Asked how she will pay for it, she replied, "I'll stop eating."
>
> M.L. has been under stress and tries to take one day at a time. She says, "I'd like to make it from today until tomorrow without any more major problems. I'd like the three of us to stay together. I've resigned myself to having to work for the rest of my life though I would prefer staying home with my children."

M.L. shows that the problem of continuity of care is an on-going issue for families, as they lose and gain eligibility. However, without assistance, the problems are intensified and the difficulties of securing alternative arrangements increase.

Family Break-Up

A small proportion of families find that the alternative is to send one or more children to live elsewhere. The CSS study, for example, found that in the group that lost day care, more children lived outside the family and all who had left the family within the previous year were from the group whose day care was terminated, whereas none from the group still in day care had been sent away during that time.[13] Although the numbers were too small to be statistically significant, these findings were borne out in our interviews.

S.D., Nassau County

> S.D. began her employment in August 1982, after being on ADC at home with her four children (now aged 11, 8, 5 and 3). As the cutbacks had already been enacted, S.D. was granted a four-month income disregard. In November 1982, when the four months expired, she became ineligible for ADC and food stamps. She was able to retain her Medicaid card and have day care for her two youngest, paid from Title XX funds. S.D. receives $25 a week for child support (for the two older children) and earns $170 a week from her job. At the time of the interview, S.D. faced possible eviction from her apartment because she did not have the necessary funds to pay the rent, but she now receives help with rent from a local church.
>
> When S.D. first went to work in August she paid a private sitter for the care of her four children out of her own pocket. In September the 5-year-old started in a center and the 3-year-old continued at the sitter paid for by S.D. until a center could accept the child in October. The two older children were sent down south to live with relatives for the school year. In addition, S.D. stated that now DSS would not help her to get child support for her two younger children because she no longer receives an ADC grant. S.D.'s child care cost is currently $2 a week, but she said, "If I have to pay for after-school care for my older children when they return next year, or if I lose subsidized care for my younger one, I don't know what I will be able to do."

CUTOFFS AND NOTCHES

Above the eligibility cutoffs, families must pay the full cost of day care. This can create a "notch effect," which may leave a family with more income worse off than a poorer family. M.K. is one victim of notch effects.

M.K., Onondaga County

> M.K. originally started in a situation where she was receiving ADC and was participating in the WIN program. At that time, her child care expenses at the day care center were completely paid by the government. Upon completion of the WIN program, she began working full-time and contributing $10 - $15 a week for income eligible day care. However, when she received a raise she "fell off the scale." M.K. went from paying $10 - $15 a week to having to pay the total amount of approximately $65 a week because she made $1 a month too much. (Her boss said if he knew, he wouldn't have given her the raise.)
>
> For about two months M.K. received a scholarship (about $10 a week) and assistance from her in-laws to meet the added cost. At the end of this period, she was able to obtain assistance from the United Way. She is currently paying $31 and United way is covering the balance.
>
> Although M.K. did not have to take her child out of day care for any period of time, she was still under constant stress because she might have to. She could not concentrate at work and even considered sending her child away to a relative. Fortunately for mother and child it didn't come to that. M.K. is 35, white and her daughter is now four-and one-half years old. She earns $140 a week.

Thus, although both families who lost day care assistance and those who were asked to pay higher fees face higher prices, the percentage increase for those losing assistance is much greater and the incentive to find lower cost substitutes is concomitantly greater. For example, in Onondaga County, if R.C. had lost eligibility, she would have had to pay over $400 a month for her two children to receive care at the center, which would have put the center out of reach. Notch effects punish families for economic success. These notches have become more of a problem under the OBRA changes. Exactly how many families are affected by notches and the extent of the impact is impossible to measure without an extensive study of each family before and after the policy changes. Even rough estimates are difficult because although considerably fewer children are receiving public day care, once they are ineligible, no official track is kept of them.

SLIDING FEE SCALES

The notch effect is minimized by sliding fee scales, if the eligibility cut-off is kept high. The Monroe County study suggests that higher parent fees seem to be less disruptive than total elimination of aid, for obvious reasons. However, no broad study of the effect of higher fees upon families is being conducted, although the State has been evaluating the effects of the demonstration project in Albany County.

There are many groups that such a study might focus on:

1) Families affected by increases in statewide fee schedule. These changes were relatively small and predictable;

2) Families in Albany County affected by the demonstration project fee schedules. These increases were larger and also predictable;

3) Families affected by the $160 cap who must pay the difference between the cost of care and the cap or whose grant is less than the $160 available for child care and who must pay the difference themselves. The higher costs vary widely among families and over time for the same family. They are not uniform or predictable.

One approach is to compare the percentage of income taken by different fees. Table 3-3 compares the state and Albany fees for a mother with a child in full-time care at different income levels. Clearly, the lower Albany eligibility level creates a severe notch effect. When the fee schedule was first introduced, a mother whose income was $10,000 went from paying 6.2 percent of her income to paying 27.8 percent to keep her child in the same center. It is very possible that she took her child out of the center and found less costly care. The county recognized this hardship by raising eligibility to 74 percent for a family like this in 1983. Now the mother pays 8.8 percent of her income, which is just a bit more than she had before the State waiver permitted Albany to raise fees. Now the notch occurs between $11,000 and $12,000, where the cost is 10.4 percent of gross income at $11,000 amd 23.2 percent at $12,000. This is less severe than the original notch but far greater than the state fee schedule.

At the lowest income levels comes the squeeze. A mother with one child whose family income was $7,000 went from paying no fee to paying 12.6 percent of her income; now, after two adjustments, she pays 7.4 percent. The State, in evaluating the Albany fee scale, does not look at actual family situations to see what the effects are, but instead examines whether the higher fees have been a deterrent to entering care. Finding that 58.9 percent of the entering families have incomes between $6,200 and $9,500, the State concludes that this demonstrates that increased fees "have not forced the lower-income families out of the day care program."[14] However, no account is taken of the pattern before the fees were introduced, family size, turnover, the enormous change in eligibility levels, and anticipatory dropouts. Nor is there any sense of the sacrifices families must make to pay a significant percentage of their income for day care.

One way of estimating that sacrifice is to compare the disposable income to the size of the fee at different levels of income. The cost of food and rent are a much larger share of a family income of $6,000 than one of $15,000 or $40,000. What the family has left over after buying necessities is its disposable income. Day care comes out of disposable income. The Day Care Forum calculated disposable income based on the Bureau of Labor Statistics lower standard of living for the New York Metropolitan Region.[15] Table 3-4 compares the state weekly fee, the Albany weekly fee and the weekly marginal income for the same family as Table 3-3.

The Day Care Forum estimates that families are unable to pay the higher fees as set by the state fee schedule, much less those set by the Albany County schedule. However, families have continued to pay, raising doubt about the use of metro budget figures for the whole state. The underlying question raised by the Day Care Forum remains unaddressed -- what sacrifices are families forced to make to pay for day care?

A convincing answer to this question is imperative if the Albany Demonstration Project is to provide guidance on the direction of state day care policy. Increasing parent fees is one policy option to preserve day care. These increases do not raise income to providers but instead

TABLE 3-3

Comparison of the New York State and Albany County Sliding Fee Scales for Parents as a Percentage of Gross Family Income

(Mother with One Child in Full-Time Day Care)

Gross Income	State Fee Schedule as a % of Gross Income			Albany Fee Schedule as a % of Gross Income			
	80-81	81-82	82-83	80-81[b]	1/1/82[c]	5/1/2[c]	3/1/83[c]
$ 6,000	0	0	0	0	0	0	0
7,000	0	1.5%	1.5%	0	12.6%	10.4%	7.4%
8,000	1.3%	2.0%	1.3%	1.3%	10.1%	9.1%	6.5%
9,000	4.6%	5.2%	4.6%	4.6%	9.8%	8.1%	8.1%
10,000	6.2%	6.8%	6.2%	6.2%	27.8%[e]	27.8%[e]	8.8%
11,000	8.5%	9.0%	8.5%	8.5%	25.3%[e]	25.3%[e]	10.4%
12,000	10.4%	10.8%	10.1%	10.4%	23.2%[e]	23.2%[e]	23.2%[e]
13,000	10.4%	10.8%	9.2%	10.4%	21.4%[e]	21.4%[e]	21/4%[e]
14,000	11.1%	11.5%	10.8%	19.9%[e]	19.9%[e]	19.9%[e]	19.9%[e]
15,000	11.2%	13.2%	11.8%	18.5%[e]	18.5%[e]	18.5%[e]	18.5%[e]
16,000	17.8%[a]	14.6%	13.3%	17.4%[e]	17.4%[e]	17.4%[e]	17.4%[e]
17,000	16.8%[a]	16.8%[a]	13.2%	16.4%[e]	16.4%[e]	16.4%[e]	16.4%[e]
18,000	15.8%[a]	15.8%[a]	15.8%[a]	15.5%[e]	15.5%[e]	15.5%[e]	15.5%[e]

---

a) State maximum outside New York City, $2,860 ($55 x 52).

b) State Schedule in force but eligibility 75 percent.

c) Eligibility at 69 percent of median and local fee schedule instituted, 1/1/82 and lowered 5/1/82.

d) Eligibility at 74 percent of median for household of two; 70 percent 3-4; 65 percent for 5 +.

e) Albany maximum $53.50 per week for centers that provide transportation.

substitute parental payments for funds otherwise provided by the County. If parents cannot pay, then not only is the family affected, but also day care providers. The ability of families to pay the fees does affect providers in two ways -- through debts incurred by families who try to keep children in care but fall in arrears on payment and through loss of enrollment because families who cannot pay fees drop out. If families continue to pay, then at what cost in nutrition, in debts to utilities or landlords, or in welfare fraud, as parents work extra jobs and earn income off the books in order to make ends meet?[16]

STRESS ON FAMILIES

Whatever choice the family has made because of the day care cuts -- be it quitting work, leaving children unsupervised, finding cheaper day care, sending a child to live with relatives, and keeping a child in the same spot at higher cost to the families -- any of these involved added strain for families and children. Many of the families we interviewed are already experiencing stress.

Does this result in more child abuse? In the counties that have tracked families cut from Title XX against child protective service, all have been attributable to other causes. However in Westchester County,

> "There appears to be some correlation between the cuts in day care and the risk that the removal of this vital support service places children in, with respect to being maltreated or neglected. We have been able to determine, however tentatively, that between eight percent and 15 percent of the families receiving day care in 1981 experienced sufficient stress during 1982 to create a risk for their child's well being which warranted child protective intervention. . . . These percentages may indeed be much higher -- we know that many families (unreported to Child Protective Services) leave their children unsupervised, or poorly supervised when they do not possess the economic means to provide for the children in a better way."[17]

The contrast between Westchester and Monroe may be due to different criteria, in measurement or to differences in policy. In October 1982 the Final Report of the Community Child Protection Task Force noted the

TABLE 3-4

Day Care Fee Scales and Income Available for Day Care

Gross Income	State 81-82[a] Fee Scale	Albany 1/82[b] Fee Scale	5/82[c]	Available For Day Care[d]
$ 6,000	0	0	0	0
7,000	$ 2	$17	$14	0
8,000	3	17	14	0
9,000	9	17	14	0
10,000	13	full cost	full cost	0
11,000	19	"	"	$ 5
12,000	25	"	"	19
13,000	27	"	"	31
14,000	31	"	"	45
15,000	45	"	"	
16,000	full cost			

Sources

a) *Consolidated Services Plan of the NYSDSS for April 1, 1982, to September 30, 1984* (April 1982). Appendix E "Fee Schedule for Day Care Services Annual Gross Income by Family Size."

b) Albany County Department of Social Services "Fee Schedule for Day Care Services," effective 1/1/82. Full cost of center care is $53.50 with transportation, $52 without.

c) Albany County Department of Social Services, "Fee Schedule for Day Care Services," effective 5/1/82.

d) Day Care Forum, (February 1982), *Issues in New York State Child Care, Background Paper 2: An Analysis of Families' Ability to Pay for Day Care Services and the Impact of Current New York State Fee Schedules on Family Income.* Table One - "Weekly Marginal Income Available for Day Care" column 2 one wage earner, 2-person household, p. 5.

decrease in the use of protective and preventive day care in Monroe County, and in fact slots have been unfilled during 1982.[18]

In spite of the fact that state regulations were liberalized in April 1982 to allow day care to continue beyond one year under certain circumstances, counties appear to not be taking full advantage. Rensselaer County appears to cut off day care at 18 months, for example.

B.T., Rensselaer County

> The oldest child was placed at a special day care and parent education center for protective and preventive cases in late November 1980. The boy had been chained to his bed and otherwise abused by his father from an early age, and also was neglected at times by a mother who is bearing her fifth child at the age of 22. Needless to say, the boy has behavior problems, but was responding to the care at the center. The mother was also becoming involved in programs.
>
> In June 1982 the family was notified that the 18-month county limit on day care for protective cases had been reached. The County at first refused to extend the limit, despite the April 1982 state regulation permitting day care for up to three years for children receiving special services such as those provided by the center in Troy. The Center persuaded the county to keep him there over the summer. Because the boy had reached four that fall, he was placed in Head Start, which costs County DSS nothing. However, Head Start was not appropriate for a child with these kinds of problems. His behavior worsened at home and at school. He was placed in a special day services program in downtown Albany, which requires longer transportation and significantly higher costs to the County. It is the sense of the mother and the Center that the decision to change the child's program caused a predictable crisis for a vulnerable child and has resulted in a serious setback for him.
>
> The second child, now three, was born prematurely with a hole in her stomach. At six months her liver became blocked and she continues to require special diet and medication because of chronic liver dysfunction. Slow in her development, she was placed in a day care program for developmentally delayed youngsters. She has made such progress that the staff fears that when she reaches her 18-month limit in August 1983, the County will terminate care for her, precipitating yet another crisis that will result in health or emotional setbacks for this child as well.

The pressure to hold the line on day care for families in crisis may become even greater if the State promulgates proposed regulations that require large counties to spend 85 percent of their budget under the Child Welfare Reform Act on specific services and require small counties to spend 70 percent. Day care is among the other services that must fit under the 15/30 percent ceiling. Proponents of the proposal contend that these services limited by the ceiling have other streams. Day care to be sure has Title IV-A and Title XX, but the purpose of these funds is to strengthen the economic vigor of families. To pit that purpose against families in danger of disintegrating seems to undermine the intent of all three funding streams.

NOTES

[1] For New York City, see Rosalie Bernstein and Lenore Nortman (April 1981) Sociodemographic Characteristics of Clients and Applicants in New York City's Day Care Programs (New York: City of New York Human Resources Administration, Office of Policy and Program Development), and NYC HRA and NYS DSS (March 1982) Background Papers prepared for the City State Advisory Task Force on Day Care, p. 1.

[2] Monroe County Department of Social Services and United Way of Greater Rochester (February 1982). Cutting Day Care: The Impacts of Reducing Day Care for Low Income Clients, p. 17. Cited as Monroe County hereafter.

[3] Monroe County, pp. 14 and 15.

[4] These averages are based on total in-home, family and group care part-time on December, March and June G-2 claims. The September claims were omitted in the average because they are for August service, when kids are not in school.

[5] Georgia L. McMurray and Delores P. Kazanjian (April 1982) Day Care and the Working Poor (New York: Community Service Society) p. 43. Emphasis in the Report. Cited as CSS hereafter.

[6] Monroe County, p. 8.

[7] Monroe County DSS, (March 18, 1983) Statistical Report of Day Care Cuts of 7/1/81 and Lack of Supervision CPS Referrals, 7/1/80-6/30/82. The Monroe County, United Way Report identified only four cases in which families affected by the cuts became child protective cases in the first three months after the cuts.

[8] Human Services Council of Broome County, (August 1982). Child Care in Broome County: The Impact of Reductions in Government Funding Table 5 "DSS Day Care Homes: Income Eligibles Eliminated."

[9] CSS, pp. 44-46.

[10] Broome, Table 5.

[11] The CSS study documents this problem; see p. 83 for a summary.

[12] With 15 employees to do inspections throughout the entire State, certification is not a foolproof protection for children.

[13] CSS, pp. 80-81

[14] Veronica Lynch (January 7, 1983) Memo to Marilyn Dickenson on Day Care Advisory Committee Report, "Albany County Day Care Demonstration Project."

[15] Day Care Forum (February 1982) An Analysis of Families Ability to Pay for Day Care Services and the Impact of Current New York State Fee Schedules on Family Income, (New York: Day Care Forum).

[16] The analysis of fee schedules is relatively simple compared with the problems of analyzing higher parent share due to ADC changes. Not only are data unavailable, but in counties that have retrospective budgeting, the parent share may change frequently. In ADC, the unpredictability may be as great a problem as the magnitude of the amount the parent has to pay.

[17] NYS DSS (n.d.) "Mid-Year Progress Report as of 10/15/82 of The Westchester County Integrated Day Care Demonstration Project," p. 3.

[18] Community Child Protection Task Force, (October 1982) Final Report, "Day Care" (unpaginated).

CHAPTER FOUR

DAY CARE POLICY: ISSUES AND RECOMMENDATIONS

> *Children don't wait. They change and carry the effects of early care or neglect to the next day and to the future. It is a profound reality that neither child development nor child deprivation waits for a government process, public hearing or citizen rally.*
>
> Patricia Mapp et al (September 1982) Children Don't Wait: The Wisconsin Children's Audit Manual (Madison: Center for Public Representation), p. 14.)

The cutbacks in day care are taking place in the context of increasing need. More mothers are working. In 1960, under one-third of all mothers worked; by 1970, about 40 percent worked.[1] According to the 1980 Census, in New York 37.5 percent of mothers with preschoolers (under six) are in the labor force. Once the children are in school, just under 60 percent of New York mothers are working or out looking for work.[2] Half of all families in New York have more than one worker now.[3]

The proportion of children in families headed by women has increased as well. In 1970, 12 percent of all children under 18 in New York lived in a female-headed household; in 1980, 21.8 percent did so. (Outside of New York City in 1970, the proportion was 7.3 percent; by 1980, the proportion of female-headed households was 13.9 percent.)[4]

These trends have not gone unnoticed by policymakers. In 1970, the federal "tax expenditure" that allowed families to write off part of their child care expenses totaled $25 million;[5] in 1981, it had risen to $1.39 billion.[6] The Economic Recovery Tax Act of 1981 expanded benefits further. Families with a gross income of $10,000 or less may credit 30 percent of child care expenses up to $2,400 for one child, or a maximum of $4,800 for two or more children; this percentage declines to 20 percent of child care costs for families with incomes over $28,000, again up to the $4,800 ceiling. Although lower-income families appear to benefit more, in fact the tax credit is primarily of help to families with incomes above $12,000.[7] In the aggregate, this tax credit is projected to reach over $2.5 billion by 1986 as more families take advantage of it.[8] New York State also offers a tax credit to families based on 20 percent of the federal tax credit for child care.

Thus, at the very time that day care for the poor has been cut, with the ensuing stresses portrayed in Chapter Three, day care subsidies to middle- and upper-income families are skyrocketing. Invisibly, day care policy has become regressive, to the detriment of thousands of our most vulnerable citizens.

This disparity is but one part of the problem of securing affordable, quality day care for all children in the state. Immediate attention is needed to transform patchwork policy into a diversified but coherent set of policies that meet the needs of rich and poor alike. To do so requires coordinated planning by government agencies responsible for day care and expanded funding. The federal jobs and training programs, which have some funds for day care, cannot fill the void. Private employers of workers at the lowest end of the pay scale are unlikely to offer day care benefits. And private charity is not enough to replace lost public funds. Each of these elements has an important role to play in forging a day care policy for the eighties, but the public leadership is crucial.

POLICY IN CRISIS

The State Department of Social Services recognizes the urgency of day care issues and appears to be mobilizing to create structures and improve the acknowledged inadequacies in its data base covering districts outside of New York City. However, Executive and legislative actions are needed to set broad policy and to expand the resources upon which the future of day care depends.

The Policy Context

The role of the State Department of Social Services in day care policy is broader than simply assistance to the poor. It also licenses and certifies providers for all children in the state, and has training materials for home providers. As such, the State Department of Social Services believes that it potentially could play a catalytic role in meeting the growing need of families at all income levels. While there is a danger that such a focus may result in diverting resources from the poor to better-organized, more vocal families, there is still the possibility of building an equitable system of child care. The State Department of Social Services increasingly recognizes this:

> Confronting the problems of day care in the eighties necessitates a cooperative effort to be undertaken by the public and private sector in determining how the development and support of quality day care services can be promoted. A major concern in this endeavor will be how to retain high priority client access to day care as the relative share of direct public financial support declines.[9]

In late 1982, the Division of Services prepared a day care policy paper, which acknowledged the challenges before it and identified three major areas for policy development.

1. "to ensure that low income eligible persons continue to have access to quality day care services to enable their participation in the labor force, as well as for protective and preventive reasons,[10]

2. "to promote the development of more private sector support of day care to maintain or expand the supply of day care services,[11]

3. "in the area of licensure standards and related administrative burdens...to reduce costs without lowering quality."[12]

The means the state says will preserve low income day care are:

1. to maintain the aggregate level of federal, state and local funding, and in particular to continue block grant transfers to social services,

2. to expand use of Title IV-A day care by
    a) removing age limit for high school or GED students
    b) include employment readiness as an eligible program
    c) include parents looking for work,

3. to monitor which groups have access to day care in the districts. State DSS has set the sequence of priorities as protective, preventive and employment.

4. to assess the statewide fee schedule and options of
    a) allowing districts to waive payment of fee for second child in care
    b) allowing districts, with state approval, to use a fee schedule higher or lower than the statewide one.[13]

Efforts to hold low income day care by these means may be hampered by lack of adequate administrative structures and lack of data. But the real obstacle to their success is that they ignore three central needs of day care policy.

1. Resources must be expanded. Maintaining funding for day care at the state level will not prevent counties from withdrawing their funding, as the Title XX cuts in FFY 82 and 83 demonstrate.

2. The state must protect day care from disproportionate cuts. The current structure of the Title XX formula, state mandates, and differential reimbursement for supplemental state social services funding streams have made day care extremely vulnerable. Revisions are needed in the financial structure of social services.

3. Coordinated planning must involve not only DSS but those affected by day care -- parents, employers, children's advocates, day care providers, public agencies at the local and state level, private funders. A coherent day care policy for all children is sorely lacking.

Structural Issues

Mechanisms for policy coordination and planning have been rudimentary but are evolving. There appears to be no interagency coordination on broad day care and preschool policy issues. The State Department of Social Services' Day Care Advisory Council lacks staff and permanent leadership, and its role needs clarification and strengthening.

Within the State Department of Social Services, nearly everyone appears to have a piece of day care. Within the Division of Services, coordination is being streamlined somewhat, at least temporarily, by means of a Day Care Work Group that is responsible for implementing the policy paper. The Work Group pulls together individuals from planning, operations management, program development and program support, training and the regional offices. It consults with systems, finance, legal, Division of Income Maintenance, and with local districts, as needed. It is relatively new and has a clear sense of purpose and high morale.

This Work Group is not sufficient, however. Its job is to implement the day care policy paper which, as just noted, does not address several fundamental problems in assuring day care for the poor.

The Work Group is not permanent, and its members may be diverted as other urgent issues arise, leaving no one with clear responsibility for day care. Up until 1981, the Services Division had a day care unit, and its restoration is imperative.

Lastly, the Group is not structured to deal with Title IV-A day care. Up until 1980, Title IV-A permitted day care for employment only. Since then, as Title XX funds have contracted, the categories of individuals permitted to receive Title IV-A day care have expanded in order to tap the only open-ended entitlement program that can fund day care. However, the whole structure of IV-A is not service-oriented, and there is a discontinuity of structure, expectations, and information. Moreover, at the same time Title IV-A eligibility for day care is expanding, other forces may be causing IV-A day care cases to shift to Title XX. Insufficient local or state attention is being paid to this area, perhaps because of the structural fragmentation but more likely because information for monitoring is difficult to obtain.

Gaps in Information

Current state and county information systems are inadequate for analysis and planning of day care services. The state has no comprehensive, routine summary report on day care services, expenditures, or client characteristics.

Children Served

There are no accurate data on children served, or denied, day care services. The Consolidated Services Plans formerly estimated numbers served by categories, but in 1983 will simply report an estimated total. It is not clear how much IV-A day care is included in that total, so even as a rough measure, this figure is inadequate. In addition, estimates of how many children will be served vary from the actual numbers served.

The actual information needed for planning may exist within New York's massive automated Welfare Management System, but at present the system cannot provide a complete report on all day care, much less on movements among categories.

One component of WMS, known as SSRR (Social Services Required Reporting), logs the time social services employees spend on services. The SSRR Cayuga Report summarizes the numbers of adults and children served by eligibility category, and includes protective and preventive mandated and optional day care. However, it lacks Title IV-A day care and has other, more crippling, defects. First, if a worker spends time on a case, referring a family to day care, a person is counted as served even if no day care is ever provided. Conversely, if a worker spends no time, a case is not reported even if day care is continuing. The G-2 claims for the first quarter of FFY 81 show several hundred more children served in an average month than the Cayuga Report shows for the whole year. The Cayugas appear to undercount the number of children receiving day care services. Second, there is an ambiguity as to who is served, adult or child, and a duplication when both are counted. For example, for the entire FFY 81, Cayuga recorded 7,476 children served by Title XX day care (excluding protective and preventive) outside New York City, but a total of 23,751 persons were recorded as receiving day care services. The Department is attempting to correct this deficiency by counting the children as the primary recipients of day care. Finally, SSRR is not adequate for looking at trends, since codes have changed and not all counties were on SSRR until mid-1982. New York City is still using another system.

The most comprehensive report of children served is on the monthly claim forms, Schedule G-2 Summary of Payments for Day Care, Section C Child Counts. This report includes all children served under Title XX, Title IV-C (WIN), ADC-Foster Care, and parts of Title IV-A, HR, and EAF. Each of these is reported for in-home, family, and group care, broken down by full-time and part-time. It does count all children served in a month, whether for one day or the whole month, which presents a problem if changes in the rate of turnover occur. The timing of claims may cause some distortion, but the G-2 provides an aggregate picture of shifts in services. It does not allow tracking individual cases and cannot be used to get unduplicated annual totals of individuals served. Nonetheless, the G-2s are the best month-by-month picture of service obtainable on a routine basis, and they have the further advantage of being able to be linked to expenditures, which are claimed on G-2 Sections A and B. The G-2s are not used extensively by Services because the schedule is part of the claims process and access must be obtained through Local Financial Operations, which has little incentive to make these readily available. In fact, Finance has been lobbying to eliminate the G-2 since they have no use for the information. Finance pays no attention to the accuracy of the child counts so they are not totally reliable, but are capable of improvement. Further, there are two important gaps in the G-2s, as the report has made clear earlier. ADC cases with child care allowances in the grant can only be identified through special computer runs, and protective and preventive cases are not identified separately. It should be possible to modify the G-2s to make them more complete.

Two on-going research efforts -- one by the State Department of Social Services' Office of Program Planning Analysis and Development and another by Welfare Research, Inc. -- may shed some light on the missing parts of the information on day care. OPPAD has created a data base for examining the impacts of federal changes which includes all income maintenance and service costs over a seven-month period. Unfortunately, key day care variables are missing and their restoration is prohibitively time-consuming. The WRI evaluation of CWRA, which is entering its second phase will include an examination of all services, day care included. Although both these endeavors do not show short-term promise of assisting in day care planning, they may focus attention on the need to streamline and improve information systems.

This project was limited in its research at the local level. It is clear, even from superficial inquiry, that counties are keeping their own (often manual) systems side-by-side with WMS, particularly to track protective and preventive day care.

If children served are not well-documented, even less well-documented are those denied services. A whole separate system would be needed to study the population turned away by local districts.

Finally, the question of how to categorize children seems important to consider. In Chapter One, we tried to break down service -- not by eligibility category and not by funding sources, but by reason for needing day care. Some attention to the codes is needed, particularly since ADC/non-WIN is no longer necessary and could be "unpacked" to reveal training, protective, preventive, student parents, and whatever else is lumped together in this catch-all category.

Expenditures and Revenues

Day care expenditures fall into two general categories: purchase of service and administration. Schedule G gives the purchased Title XX day care total, broken down by eligibility category and protective day care, but lumps preventive services all together in a single figure. The administrative expenses are buried in totals on D-2 and D-9 claim forms. For title 1V-A, no day care is broken out, except partially on the G-2. Because of new regulations that prohibit partial payments to vendors for ADC day care, this item will be reduced even more. Essentially, only a special study can give a picture of day care expenditures under IV-A.

The claim forms are not the final word on expenditures. For 1980-81, State DSS issued a county-by county summary of services expenditures (but only a year after the fiscal year had been completed), and a report has just been prepared for the Title XX Advisory Committee on expenditures for services, including day care. A regular report can provide a check on the CSP projections and a more accurate picture of day care funding. Identifying administrative expenditures, as well as purchased services, is useful since the proportions vary from county-to-county.

Other sources of subsidy, particularly United Way funding, certainly figure in local social services planning. If a more integrated system of day care for all children is to become a reality, such information may be needed -- not only at the local, but also at the state level.

Finally, parent fees are part of the fiscal system of income-eligible day care, and partial payments by parents are also a feature of ADC day care. The fees offset the projected cost of care estimated by local social service districts and thereby reduce actual expenditures of public funds. New York City's Agency for Child Development routinely collects and reports information on family size, income, and fees for Title XX day care; extension statewide may be a valuable resource in evaluating fee schedules, particularly if local districts are given an option to vary from the statewide schedules.

RECOMMENDATIONS

RECOMMENDATION ONE

THE GOVERNOR AND THE STATE LEGISLATURE SHOULD PROVIDE ADDITIONAL FUNDING IN 1983 AND SUCCEEDING YEARS TO

A) RETAIN DAY CARE IN HIGH SERVICE DISTRICTS,

B) RESTORE LOST DAY CARE IN DISTRICTS THAT HAVE ELIMINATED OR REDUCED SERVICE,

C) PROVIDE DAY CARE IN LOW SERVICE COUNTIES.

THIS CAN BE ACCOMPLISHED IN 1983 BY TARGETING $10 MILLION OF THE $13.1 MILLION AVAILABLE FROM THE EMERGENCY JOBS ACT FOR DAY CARE, AND BY REQUIRING DISTRICTS TO MAINTAIN LOCAL EXPENDITURES FOR DAY CARE.

The State Legislature recognizes the crisis in day care and has responded by earmarking $1.9 million in the State's 1983-84 budget for day care to help families achieve self-sufficiency. However, this sum is dwarfed by the FFY 83 cuts in day care; in Title XX alone, local districts project spending $3.5 million less. These cuts are on top of FFY 82 reductions, which totaled $5.1 million in services purchased. Cuts would have been even more precipitous had not New York City invested over $15 million in local tax levy funds in day care above and beyond its matching share of Title XX in FFY 82 alone, despite its own real fiscal constraints. The Legislature must provide interim relief and begin setting a base in counties that have eliminated income eligible day care entirely.

The New York State Child Care Coordinating Council, in conjunction with Statewide Youth Advocacy, Inc., has called not simply for a stop-gap appropriation but for a separate state funding stream with a local match no higher than that of Title XX. Private funds may be used for part of that match. The funds are intended for purchase of day care, although 10 percent may be used for training, referral and other demonstration projects.

A critical feature of any additional funding stream for day care is a safeguard against counties substituting these funds for their local share of day care support rather than using them to restore or expand service. A maintenance-of-effort provision that rewards counties that retain day care, and provides an incentive for counties to restore day care, is a necessary part of any interim funding.

Starting the day care stream may be possible using new federal monies. The Emergency Jobs Act (P.L. 98-8) will bring over $13 million to New York State for "expanding the availability of day care and other social services available to unemployed and disadvantaged Americans." The conference report on the Act urged "that day care services be assigned a high priority by the state and local communities in planning the use of additional funds provided in this bill." It is clear, therefore, that the intent of Congress is that these funds be targeted for day care. The regulations also require that they be used as an addition -- not a replacement -- for other federal and state funds currently used for social services. A simple pass-through of Emergency Jobs Act funds may violate the intent to use these monies for day care, and to use them as an addition to existing streams of funding.

In addition to the Jobs Bill, the FFY 84 Title XX allocation to New York State will have at least an additional $13 million, and the Job Training Partnership Act, which will bring $235 million to New York, allows 15 percent for administration and social services. Part of these funds must be earmarked for day care as well.

RECOMMENDATION TWO

THE GOVERNOR SHOULD ESTABLISH A BROADLY-BASED, STAFFED ADVISORY COMMITTEE ON DAY CARE TO DEVELOP A COHERENT DAY CARE POLICY FOR NEW YORK STATE.

A) BASIC POLICY ISSUES IN DAY CARE NEED DEFINITION -- FOR WHOM, OF WHAT QUALITY, TO WHAT PURPOSE, FINANCED HOW?

B) CURRENT PIECEMEAL SOLUTIONS NEED INTEGRATION INTO A BROAD STRATEGY.

C) ACCOUNTABILITY AND PLANNING SYSTEMS NEED IMPROVEMENT.

Affordable, quality day care is important to families at all income levels. Three out of eight mothers of preschoolers work, and three out of five mothers of school-age youngsters are in the labor market. The lack of a coherent state day care policy has resulted in uneven and inequitable access, an enormous unregulated market for care with great variation in quality, and growing subsidies to the middle class through tax credits, simultaneously with shrinking aid for the poor. If the poor are not to be forced out of quality day care, the State must act at once.

There are many different pieces of preschool and day care policy now being developed:

- stimulating day care benefits through employers
- linking family day care providers to centers for training and services
- deregulating day care and developing graduated enforcement systems.
- the Ambach proposal to begin school at age four, and the proposal by the New York City Chancellor of Education to expand full-day kindergarten to all children
- integrating private funding and administration with public system.

Piecemeal development of day care policy cannot continue and meet the increasing needs for day care or assure that the poor have access to good quality care for their children.

Such a policy cannot be formed without broad participation. The State Department of Social Services is only one important component in formulating state day care policy. Employers and labor, day care providers and working parents, women's groups and children's advocates, private funders and public agencies beyond DSS, suburban and rural interests, all need to be involved in responding to this crucial need.

Critical issues include not only the preservation of low-income day care but also:

1) variations in levels of service, particularly in rural areas;

2) creating a more equitable system of funding that helps middle-class families bear the heavy cost of child care while offering adequate assistance to the poor;

3) the role of employers in financing or provision of day care for all employees;

4) the role of regulation and other approaches to assuring quality;

4) the role of training to providers;

6) the relationship of preschool, day care, and nursery school for all children, including those with special needs.

The Council should consist of 15 members appointed by the governor. In addition, an interagency task force should be constituted whose members should provide liaison between state agencies and the Council. The Council should:

1) examine access to, and adequacy of, day care for poor, near poor, and others;

2) make recommendations about improving access and quality;

3) review and make recommendations about policies and practices of state agencies; and

4) encourage innovation.

The Council should be staffed with state funding but may undertake special projects staffed through private or other public funds. It should issue reports at least annually. The Council should not become permanent, but rather should complete its work within five years.

RECOMMENDATION THREE

THE DEPARTMENT OF SOCIAL SERVICES SHOULD UPGRADE AND EXPAND ITS DAY CARE ADVISORY COUNCIL AND IMMEDIATELY DESIGNATE A SENIOR STAFF PERSON WITH OVERALL RESPONSIBILITY FOR DAY CARE IN INCOME MAINTENANCE AND SERVICES.

The establishment of the Governor's Advisory Committee on Day Care in no way reduces the need for a vigorous Day Care Advisory Committee to the State DSS. The Day Care Policy Paper of the State DSS lays out an agenda that could bring major changes in the way day care is regulated in New York State. The Day Care Advisory Council allows consultation with major affected groups.

However, this Council needs a permanent structure and staff. With the advent of the Services Working Group on Day Care, staff support is available from this group. However, this working group is temporary, and long-term staff roles need to be developed to support day care. Subcommittees relating to the various goals and tasks of the Day Care Policy Paper are needed. The Advisory Council needs a chairperson and a regular schedule of meetings to deal with the initiatives in the policy paper and recommendations in this report.

The Advisory Council needs to examine Title IV-A day care, as well as Title XX, and the staffing and structure should reflect the broad concern for day care for low-income clients.

RECOMMENDATION FOUR

THE STATE DEPARTMENT OF SOCIAL SERVICES SHOULD DEVELOP FOR STATE LEGISLATIVE CONSIDERATION A SIMPLIFIED SOCIAL SERVICES FUNDING PACKAGE FROM THE PRESENT MULTIPLE STREAMS IN ORDER TO CREATE A BALANCED SET OF SERVICES, INCLUDING DAY CARE, IN EACH COUNTY.

Access to day care is inequitably distributed across the state, as Chapter One demonstrated. At least ten counties have been able to evade nearly all responsibility for providing day care help to working families or those in crisis, and 34 counties offer no income-eligible day care. Services are becoming more and more concentrated into a few counties, due to the cuts. Although funding is critical to halting these trends, more money is not enough.

A) THE TITLE XX FORMULA NEEDS REVISION.

The problems in day care are symptomatic of the larger issues in the provision of social services. In the long run, the revision of the Title XX formula and simplification of social services funding in general is the best hope for ensuring adequate public support of day care for low-income families. The State Department of Social Services should develop a simplified package for consideration by the State Legislature.

A guiding principle of the work needs to be the assurance of a balanced set of services, including day care, in all 58 local social service districts. Currently, the state Title XX distribution formula is based on the 1970 Census and 1972 services expenditures. As a result, New York City allocation in 1982 was 65.92 percent of the total allocation, well above its share of total state population.[14] In smaller counties with low expenditure levels in 1972, the distribution formula now results in allocations that do not even cover expenditures for mandated services. As a stop gap, State DSS has transferred Low Income Energy Assistance Block Grant funds to Title XX to ensure that no county would receive less than the amount they were reimbursed out of Title XX for mandated services in FFY 80, and that no county's total allocation per capita would be less than the mean for all counties, or per capita expenditures for optional services would be less than the mean for all counties. (Funds left over by counties that spend less than their Title XX ceiling are reallocated among districts which have exceeded their ceiling.) The results of this effort mean that all counties receive at least $5.69 per capita total and $2.05 per capita for optional services -- well below what it takes to sustain a full range of services found in the high-service counties.[15]

In revising the formula, there are several competing goals: the first is to provide some reasonable floor in every county, the second is to distribute more funds to places where the need is greatest, and the third is to reward areas that meet those needs more fully. With unlimited resources, all three goals could be met, but given the ceiling on Title XX allocations and the structure of Title XX, the current system underemphasizes the concept of balanced service provision and a reasonable floor on what is offered.

Merely updating the formula, using 1980 Census and expenditure data, would not meet those goals. Some additional funding would no doubt be needed to set a floor for all counties. Without this extra funding, the revision would redistribute away from the area of greatest need and greatest effort. This would undoubtedly have a devastating effect on day care in New York City.

B) SUPPLEMENTAL STATE FUNDING STREAMS FOR TITLE XX OVERRUNS SHOULD BE SIMPLIFIED.

That revision must also include simplification of supplemental state funding streams (75/25 and 50/50 monies) whose restrictions and differential rates of local match create service imbalances. Differential reimbursement rates create perverse incentives for counties and make planning excessively complex. The result for day care is extreme variation from county to county, and growing concentration of services in less than a dozen areas. The goal of simplification is not to block grant all Title XX and supplementary streams, which would not necessarily reduce service imbalances, but rather to remove obstacles to creating the selection of services geared to the needs of the poor and near poor. State legislation will no doubt be needed.

If simplification does not occur, then the state must retain the separate day care funding stream created under Recommendation One. This stream is a partial remedy for the incentives to cut day care that are built into the existing system.

RECOMMENDATION FIVE

THE STATE DEPARTMENT OF SOCIAL SERVICES NEEDS TO MAXIMIZE THE USE OF TITLE IV-A DAY CARE.

Although Title XX day care funding is the most pressing day care issue, this report has raised questions about the availability of the only mandated day care service -- Title IV-A day care. The state has expanded eligibility for IV-A day care, and in New York City at least, this seems to have made day care more available. Elsewhere there have been large decreases in purchased IV-A day care. The state urgently needs to:

a) develop a complete report on day care provided out of Title IV-A,

b) develop a mechanism for monitoring flows of service between IV-A and Title XX, and to clarify policies for supplementation of IV-A,

c) determine whether the structure of IV-A and/or local practice discourages use of center or certified family day care and learn whether families are increasingly using informal (or perhaps no) arrangements, and

d) develop mechanisms that enforce the mandate of day care for employed ADC recipients and student parents under 21.

RECOMMENDATION SIX

THE STATE DSS SHOULD IMPROVE ITS ACCOUNTABILITY SYSTEMS.

More money is necessary but not sufficient to ensure the equitable distribution of day care services. Title IV-A exemplifies some of the problems in maintaining accountability for service in each county.

A) THE DEPARTMENT OF SOCIAL SERVICES SHOULD CONDUCT PROGRAM AUDITS IN SELECTED COUNTIES TO IDENTIFY AND CORRECT BARRIERS TO SERVICE.

This study has encountered in the course of interviews a number of instances that appear to violate the intent of laws and regulations on day care. In particular clients are not advised of eligibility for day care as their circumstances change. We have also found at least ten counties in which fewer than one percent of all children on ADC are receiving Title IV-A day care; in these counties no income eligible day care is offered and it appears no day care is provided for protective and preventive reasons as well. Another issue is the major differences between New York City and elsewhere in their treatment of purchased ADC day care.

Information on these issues is best obtained directly from the counties. This research is critical to understanding the variation in levels of services and means of guaranteeing at least minimum access to day care for eligible poor families statewide.

B) THE DEPARTMENT OF SOCIAL SERVICES SHOULD DEVELOP A REGULAR, COMPLETE REPORTING SYSTEM ON DAY CARE SERVICES, EXPENDITURES, AND LOCAL POLICIES.

Although State DSS is not the sole focus of day care planning, it is a crucial part of the effort to create a coherent day care policy in New York State. Effective policy planning is being hampered by inadequate information about day care services.

First, the State urgently needs adequate information on expenditures and recipients of day care for protective and preventive day care. (This may need to be developed in the context of reports on all services for protective and preventive reasons.) At least some local departments appear to have this information kept in different ways, that may serve as a basis for a state report.

Second, the State also requires a complete report on IV-A day care that includes not only purchased IV-A but in grant and special needs. In order to hold districts accountable for the mandate, written evidence of each district's policy for informing employed PA recipients and student parents under 21 of the availability of day care is needed, as well as a periodic report on denials of IV-A day care.

Third, consideration should be given to improving the Schedule G-2 as a planning tool by:

a) including protective and preventive, mandated and optional, as separate categories;

b) coordinating any report on IV-A day care with the G-2;

c) including edits of G-2 child counts or other methods of ensuring accuracy;

d) programming FMS to allow access to G-2 data in a less cumbersome manner; and

e) preparing timely summary reports of children served.

Fourth, some method of tracking children from one form of day care funding to another would be a useful tool.

Finally, the State needs to monitor the proportion of Title XX expenditures that go for DSS staff rather than services. In the FFY 83 Consolidated Plan New York City, for example charged no "direct" expenses to day care whereas over one-quarter of total Title XX day care expenditures upstate went for direct services (See Table 2-A). The SSRR system upon which allocation of administrative expenses is based has admitted deficiencies, which need correction if meaningful comparisons of county overhead for day care is to be obtained.

C) THE STATE CSP PLANNING PROCESS FOR 1984 SHOULD REQUIRE LOCAL DISTRICTS TO DESCRIBE POLICIES AND GOALS FOR DAY CARE. STAFF SHOOULD REVIEW THESE TO DETERMINE PATTERNS OF SERVICE AND IDENTIFY GAPS.

In addition to regular reports on service, a more in-depth look at local policies and practice is imperative. Information on day care policies and goals of individual counties is available only through a county-by-county survey. The Consolidated Plans vary widely in their treatment of day care. A more extensive description on day care should be required in the CSP for 1984. The report which should be prepared with advice from providers, parents and other community groups might contain a number of components in addition to the complete report on children served:

a) checklist of who gets service, or slots available

	YES	NO	Restrictions	Time Limit
employed				
income eligible				
ADC				
other				
job search				
training				
student parent				
incapacitated caregiver				
protective				
mandated				
optional				
preventive				
mandated				
optional				

other categories where service is needed.

b) denials of service/terminations reasons and number

c) county funds devoted to day care - State and federal dollars (and any city dollars e.g. CD dollars)

d) other sources of local help with day care for low-income families. Referral policy and mechanisms

e) staffing of County DSS for day care

f) providers:

	number		capacity		low income slots		low income slots	
	Fam.	Group	Fam.	Group	Fam.	Group	Fam.	Group
infant								
pre-school								
after-school								

inventory of services provides (speech and hearing, routine physicals, medical exams, parent education, therapy for child, etc.)

g) County goals for day care provision

The Day Care Working Group should review the reports to:

1) identify the extent to which counties actually offer day care for different types of needs;

2) identify low service counties; and

3) develop policies to respond to unequal access.

Services in rural counties need particular attention. The ten low service counties identified in this study are predominantly rural. However, some rural counties such as Greene and Tompkins have offered service more broadly. Can the techniques used in these counties be adapted elsewhere?

RECOMMENDATION SEVEN

THE DEPARTMENT OF SOCIAL SERVICES NEEDS TO EXAMINE IN A MORE SYSTEMATIC WAY THE EFFECTS OF DAY CARE CUTS ON FAMILIES AND ON PROVIDERS.

Although individual counties have examined the effects of cuts on various groups affected by the changes, there is no systematic overview of the extent to which families have been harmed. The groups investigated, the way effects are defined and measured, and the purposes of the studies all differ.

Our interviews reveal a number of serious but probably infrequent problems as well as other common and not inconsequential effects for children and families resulting from cuts. DSS has a responsibility to assure that children are properly supervised, and needs to answer how day care cuts have affected the care children are getting.

The Community Service Society which studied cuts in New York City pre-Reagan, and/or the Center for Governmental Research in Rochester, which is surveying Title XX and ADC recipients, are important resources in developing a statewide study that looks at

- decrease in employment
- increase in abuse
- increase in latchkey children
- quality of substitute care
- family break-up
- impact on family budget

by characteristics such as family size, income, source of day care aid and changes, and the existence of support networks. At least four groups need study -- Title XX cut entirely, Title XX higher fee, ADC cut entirely, and ADC reduced grant. A complete study would also include a sample of families denied service.

Equally useful would be a study that examines

- the change in the mix of providers
- the question of gentrification in centers as a result of cuts
- whether providers are incurring losses because of fewer subsidized children or because of increasing numbers of parents in arrears due to higher payments required of them.

At a minimum, the State Department of Social Services must evaluate carefully the proposals to allow counties latitude in setting their own fee schedules to determine the effects on family and provider solvency. Lower limits on the level of eligibility need to be set to prevent severe notch effects.

Counties view parents fees as an alternative revenue source to conserve local funds. The State Day Care Policy Paper considers allowing variation from the State fee schedule as one major option for preserving day care. The justification is that parents would prefer higher fees to having no income eligible day care available at all. Careful evaluation of the Statewide fee schedule and alternatives to it need to be conducted, instead of relying simply on the experience of Albany County.

Data on income, family size and parent fees outside of New York City need to be collected either as a routine matter or as part of a larger study.

A group outside of DSS should be engaged to evaluate the Albany demonstration project. Family budgets need to be examined to see how higher fees are actually being paid. The impact on providers also needs to be studied.

The interaction of eligibility levels with the fee schedule also needs to be addressed. Chapter Three documented the sharp notches created when eligibility is set far below the maximum. (We also saw that they hurt the careers of single parents, who fear raises and promotions that threaten their eligibility.) Any change in fee schedule must not overlook this issue.

NOTES

[1] Office of Management and Budget (1973), Social Indicators, 1973 (Washington, D.C.: OMB and Social Economic Statistics Administration, U.S. Department of Commerce), p. 146.

[2] Calculated from 1980 Census.

[3] Calculated from 1980 Census.

[4] New York State Council on Children and Families (January 1983), Trends: A Statististical Bulletin on the Status of Children and Families in New York State.

[5] Congressional Budget Office (September 1981), Tax Expenditures: Current Issues and Five-Year Budget Projections for Fiscal Years 1982-1986.

[6] Margaret Malone (March 11, 1982), Child Day Care: The Federal Role (Washington, D.C.: Library of Congress, Congressional Reference Service), p. 4.

[7] W. Gary Winget (1982), "The Dilemma of Affordable Child Care" in Day Care: Scientific and Social Policy Issues, Edward F. Zigler and Edmund W. Gordon, eds (Boston: Auburn House), p. 359.

[8] CBO (September 1981), op cit, p. 25.

[9] New York State Department of Social Services (n.d.), Day Care Policy Paper, p. 2. Hereafter cited as NYS DSS.

[10] NYS DSS, p. 14.

[11] NYS DSS, p. 15.

[12] NYS DSS, p. 16.

[13] NYS DSS, pp. 4-7.

[14] NYS DSS (March 2, 1983), Title XX Allocations.

[15] NYS DSS 83ADM-11, March 29, 1983, p. 2